Management Gossip

A collage of Management Paradigms

Volume One

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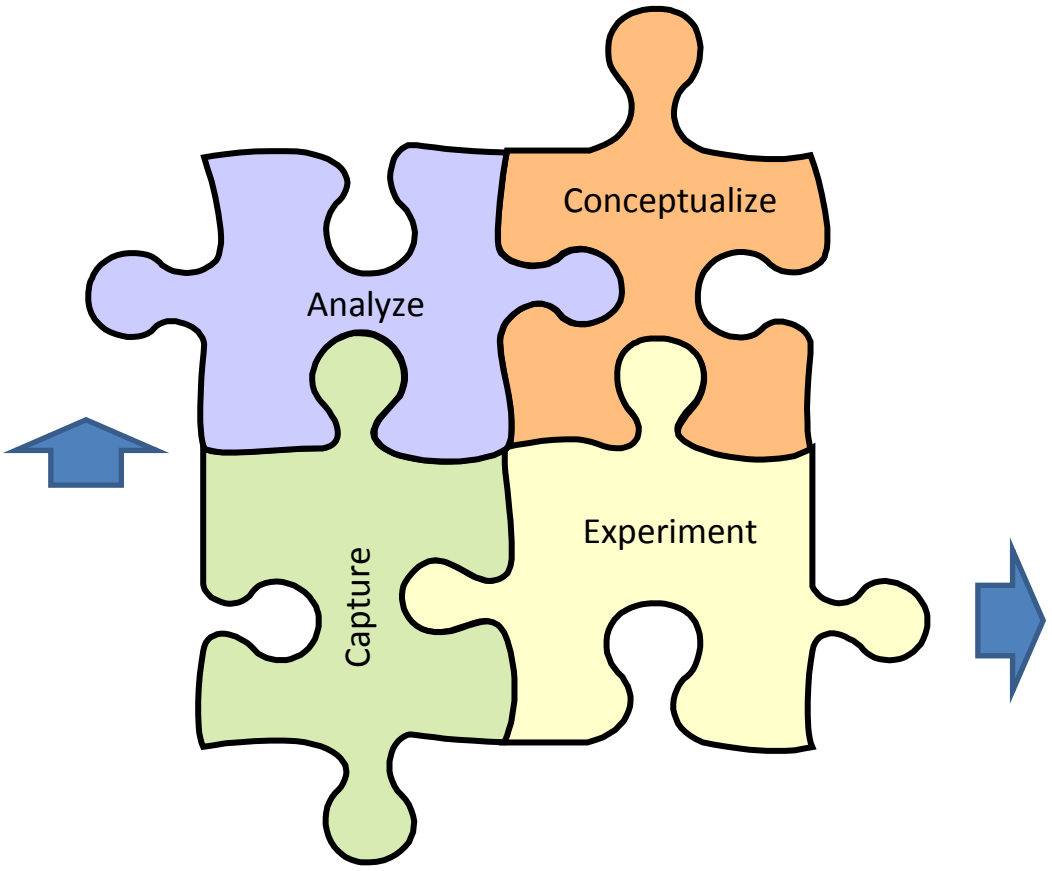
Conceptualize
Analyze
Capture
Experiment

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Preface

Unique point of view of individuals is the essence of theoretical synergy and clarity of understanding. Having said this, no theory or concept in management describes the situation in definite terms hence offers ultimate solution. Rather, each person brings in a unique perspective adding to the better understanding and more realistic solutions.

Alhamdolillah this is a compilation of a collage of articles I have authored at different points in time. Some of these articles were previously published in different magazines. In general, I revisited a number of management concepts with the sole purpose of adding newer perspectives to the existing management knowledge, with the hope that these efforts would provide better insights into the management challenges facing the organizations and also stimulate thinking for further development in times to come. I have leveraged my considered observations, contextual understanding gained during my consulting career and, used common sense. The concepts and paradigms described in this compilation are by no means ultimate in their scope and description. I invite you to explore these thoughts and ideas with an inquisitive mind to form an independent perspective in management. Understandably, you may not agree to every aspect of the analysis presented in here. It is urged to consider it as a difference of opinion not as something to accept or reject altogether. If you care to give feedback, you are more than welcome.

Happy Reading

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Author

Foreword

Management thoughts are articulated in a complex fashion – assumptions, observations, experiments, cross-fertilization from parallel settings, last but not the least interactions with people in the work setting. Having said this, "Gossip" that goes on at the individual and group levels is one major source of emerging management thoughts. Put it differently, management thoughts are subject to individual experiences and ideas, which they form in the course, of their work life. Management researchers and authors collect, assimilate and synthesize experiences and ideas of professionals around them into management theory. As our society and work place continue to evolve, it reshapes our perspectives on improving efficacy both at organizational and individual levels. For example, organizations keep embracing new persons with their unique experiences (or at least unique learning from the similar experiences) and ideas that help them experiment and change for better. Likewise, as individuals gain much diverse experiences in careers their perspective on life and work changes. Thus, we continually evidence change around us. Having said this, the future belongs to those who risk their, today for a better tomorrow by embracing fresh ideas and emerging perspectives in managing their lives and work. For example, IBM was known for making big computers for businesses but later moved on to making personal computers, which led them capture the market like never, before.

Interestingly, while the basic principles remain unchanged our perspectives improve as we consider our challenges from a different angle. An old saying goes, "While everyone can see the glass of water as half empty, someone with a different (perhaps better) perspective might see it as half filled". This follows that as we try to look at our challenges from a different angle, we are, able to come up with a better understanding hence solution.

Role of "Gossips" in influencing management theories is a compilation of collage of essays, some already published as individual articles in professional magazines, intelligently present an alternate perspective on management thoughts both in personal and organizational context. It is apparent that gossip is an important area of interdisciplinary scholarship, and yet within organization and management sciences there is a general dearth of studies into the phenomenon. To date, gossip has predominantly featured within the organizational and management literature as either (a) coincidental to the mainstream disciplines and domains, materializing as a by-product (and even waste product). The popular management perspective to some extent exemplifies a view of gossip associated with negative, pejorative, and trivial assumptions, sometimes seen as "women's talk," inauthentic discourse, to be discouraged or banned.

This article is an attempt to cover the topic of "Gossips" by taking the advantage of discussions of scholars in existing literature on this subject and to conclude it with some rational outcomes. Hopefully, the readers will not only find it pragmatic and interesting but can also take advantage of these innovative ideas in management to develop even better perspective in management.

Popular and media interest in rumor and gossip never seems to wane, but psychological research on rumor has been cyclical and that on gossip has, until recently, been dormant (Foster, 2004). World War II saw a burst of interest in the psychology of rumor and rumor control. Seminal work was done by Gordon W. Allport and Leo Postman (1947), the impetus for which was their concern about the damage to morale and national safety caused by menacing rumors spreading needless alarm and raising extravagant hopes (p. vii). Although there is a lack of unanimity among scholars on the definition of gossip as there exists a widespread approach in literature while discussing this topic. However, the researchers are agreed on the one point that gossip is the exchange of personal information in an evaluative way about absent third parties. For instance, Besnier (1989) wrote that talk about absent persons is enough to justify the label gossip. It may be positive or negative however popular understanding of gossip clearly includes a negative evaluative component that, in part, forms the basis for the social sanctions against its practice. There are also many instances when gossip may have had negative consequences for the person targeted, especially when the gossip is entangled with fantasies of jealous, antagonistic or over-zealous individuals. In addition, the relationship between two parties (the gossipers) may have subtle impact on the influence of gossip. When the two gossipers have a close or intimate friendship, they may engage in both positive and negative gossip. Conversely, if the gossipers have an instrumental relationship as general colleagues or social contacts, they are more likely to engage in merely positive gossip.

Gossip facilitates critical thinking as a social sense-making tool (Bok, 1982). Similarly, Levin and Arluke (1987) claim that gossip includes positive information, and that gossip can deliver a more accurate, experiential truth than objective explanations. More specifically, positive gossip facilitates group member cooperation, and that the levels of reciprocity, trust and reputation between individual members are also enhanced (Sommerfeld, Krambeck, & Milinski, 2008). Negative gossip however, is effective for increasing the intimacy of social bonds (Bosson, Johnson, Niederhoffer, & Swann, 2006). Thus, gossip provides an effective way to learn and validate social guidelines and norms.

Interestingly, researchers seem to have mixed views of how gossip actually gets started and the role it plays. Michelson, Iterson, and Waddington (2010) suggest that gossip is a dynamic process and the effects of gossip depend on the interaction between gossiper, listener/respondent, and target, i.e. the gossip triad. From a different perspective, McAndrew et al. (2007) suggest that gossip is a necessary

function of society because the constant flow of information within a network of human exchange needs to evaluate situations to assist people in making sense of their environment. Through gossip, people become able to look at pieces of information from different perspectives and interpret it according to their own knowledge base.

The Gossip is common at almost all work settings. Workplace gossip is a pervasive phenomenon around the world. It is an informal conversation or evaluation (i.e., positive or negative) about a member beyond the person's hearing, typically involving unproven details (Zou et al. [2020] as cited in Brady et al. [2017]). Just as a famous proverb says, 'Good news never goes beyond the gate, while bad news spreads far and wide', gossip spreads rapidly and influences broadly. As a channel of informal communication, workplace gossip is a common phenomenon in the organization (Zou et al., 2020). Research on organizations in both the United States and Western Europe suggests that over 90% of the workforce engages in at least some gossip activity on the job. Virtually all employees find themselves producing, hearing or otherwise participating in evaluative comments about someone who is not present in the conversation. Gossip is often seen as informal, casual or unconstrained conversation or reports about other people, typically involving details that are not confirmed as being true. Scholars indicate that 14% workplace coffee-break chat is actually gossip and about 66% of general conversion between employees is related to social topics concerning talk about other people. Thus, gossip provides a channel of informal communication and information exchange, although the information conveyed in gossip may not be accurate or complete. False and incomplete information, such as that transmitted via gossip, triggers employee cynicism (ECN) and positive gossip facilitates information transmission and group dynamics indicating that gossip and employee behaviour are somehow connected.

In the workplace, gossip is often regarded as idle talk about other colleagues who are absent and, some researchers suggest that gossip is essentially negative and stealthy, e.g. sensitive, personal or cannot be unveiled in public. The information discussed as gossip is meant to be private. Indeed, gossip has received pejorative criticism and all cultures and societies experience similar scandalous effects of gossip. Gossip may cause embarrassment and discomfort to employees, as gossip often involves private and sensitive issues and may be used to ruin the reputation and credibility of colleagues and competitors.

Workplace gossip is a widespread phenomenon around the world. Nevertheless, organizational literature has paid little attention to gossip and management research surrounding gossip is scarce. Furthermore, almost always, in this field of study, the term "gossip" has negative connotations. However, gossip can be an organizational phenomenon both positive and negative at the same time, depending on whether one is viewing gossip from the employees' perspective or the organization's perspective.

Furthermore, from a human resource management perspective, there is a need to conduct further research on the role of gossip in the workplace, as through a better understanding of the antecedents of gossip and its relationship to employee behavior, managers and leaders can monitor the formation of gossip and respond appropriately to alleviate any resulting negative impact on employees.

Gossips can be leveraged to pre-assess the possible impact of changes in the systems, policies, and programs and to measure the post-implementation impact on the perception and productivity of individuals and groups. Gossips can also intelligently be interfered to influence behaviors.

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EGOTISM: A Basis for Dignity or Destruction

There was this Teacher who gained extraordinary liking among her students, colleagues and friends alike for her ability to make popular decisions, which everyone used to own rather enthusiastically and would follow voluntarily. She also had the ability to say a big NO whenever she is expected to compromise on her or others' Esteem, Dignity and Principles thus was able to live without shame and saves others from it too.

A person with no EGO is the one with no dignity, self-esteem and values. He is like a deaf person who never learns to speak. So is true for a person of no EGO, he or she never learns to acknowledge the right of dignity, esteem and respect of others. On the contrary, some may have self-centered EGO. Such persons would proclaim all the respect, dignity and esteem for them but would not give the same to others. Satan was a Ghost (Genie) and had a higher status. But when Allah told him to prostrate Adam PBUH (accept him as superior to his creation) he refused, arguing that Adam PBUH is made of clay and he was made of fire: It was his self-centered EGO which made him proud of himself unjustly. He eventually lost his status in the heavens. One can see that pride is the manifestation of self-centered EGO. Yet a healthy EGO is essential. A healthy EGO is developed on honest belief of one's rights to dignity, self-esteem and respect alongside recognizing similar status of others.

Nurturing a healthy EGO is must for living a dignified life; good parenting; an astute professional; and, last but not the least win-win social relationships. Sadly, however, in today's world filled with urgency and competition for unending material lust we have lost our values, self-esteem and dignity what to talk about respecting others' values, esteem and dignity. In short, we have become aggressive in our relationships and have compromised on our self-respect and dignity. Likewise, we care less of others' right to dignity and esteem.

Healthy EGO

A Healthy EGO nurtures an assertive mindset that allows pursuing goals (needs) while maintaining self-esteem, dignity and respect without damaging others' dignity, esteem and respect. Such people are true role models and mentors of their families, organization and society. Prophets who guided people on the righteous path are the most vibrant examples. Others include parents, teachers, competent seniors, competitive colleagues, etc.

People with positive EGO pursue their rights in a mutually complimenting and socially dignified manner with self-esteem at the highest, while respecting others rights and dignity. It creates enriching relationships and higher performances

Self-centered EGO

In the prevailing overly competing cultures EGO has become much Self-centered (Egocentric). As egocentric people proclaim their right to dignity, self-esteem and respect forcefully (aggressively) while denying others' right to dignity, esteem and respect. Mostly people with inferior personalities and lower capacities hide themselves in the self-centered EGO. For example, a less competent boss would boast his or her EGO and crush others EGO only to look bigger and control the subordinates, more capable of him or her. Same is true for politicians, feudal lords and anyone who lives with inferiority complex.

People with self-centered EGO act aggressively, at times even compromise their self-esteem and dignity and are also detrimental to others' rights and dignity. It damages relationship bond and reduces performance.

Deficient EGO

A deficient EGO is one in which people are programmed to let go their right to dignity, self-esteem and respect in a hope to get their trivial needs satisfied. Unfortunately, these days we can find many white-collar persons alongside the poor and disadvantaged having deficient EGO. For example, sometimes employees succumb to the harassing and insulting attitude of their employers (bosses) only to get trivial rewards at work; on the social side often times we can see as someone is giving out food or cloths on the streets white collar persons have no shame in accepting it although they very well know it is for the poor and disadvantaged ones. Same is true for the Govt. schemes often introduced to alleviate challenges facing the poor and disadvantaged. Of all the noble professions is studying and preaching religion. Unfortunately, the pupils of religious seminaries are programmed from the day one to collect charity for the seminaries and their own living. We see that professional beggars and sex workers are also programmed to let go their EGO for trivial monetary rewards. All these actions are instrumental in causing deficient EGO. Most ironically, deficient-ego is deliberately nurtured among the masses as a covert means to control their thoughts and actions. The saying goes like this, "If you want to progress in career then you should leave your EGO at home".

Way Forward

Hope lies in nurturing Healthy EGO while curbing the self-centered and deficient EGO. The best place to nurture Healthy EGO is parenting at home and early schooling as they say "Values" are made at the early age. Ironically, parents set career goals and inculcate motivation while schools teach technology, science and other applied subjects from the early ages, instead. It is like preparing a person to fight, providing him with an automatic machine gun but not telling him why to fight; when to fight; and with whom to fight.

Motivation: Friend or Foe

As one can reflect in the contemporary environment, the examples abound that all the amoral activities – social, economic, political, etc. – have their roots in the impulse (desire). It is common that political leaders believe in eliminating their opponents by hook or by crook. It is also a norm to bribe for sustaining power. All this has turned politics into a business of crime. Similarly, businesses having impulsive motivation to become big and earn soaring profits get involved in immoral and illegal practices, such as exploitation of workers, bribing for the undue advantage, avoidance of legitimate tax liability, and, last but not the least, abusing customers in so many ways. All because of their impulse (desire) to increase profits. Ironically, men exploit women and women exploit men to satisfy their economic or physical impulses (desires).

In the traditions of three religions, it is quoted that a son of Prophet Adam AS killed his brother. The front-end cause of the quarrel between them was a woman. However, the underlying and more generalizable cause was an impulse (desire) that led to the murder (crime). Allah ST in his many revelations to the prophets warned the mankind that following an impulse (desire) is the path of Satan.

A Fence Sitter: It is my first week on this job. I have yet to start working in full swing. I am socializing with people in my department and across. I know I don't have much time to stay on this job for very long. So, I am using this lead time to send out my CV and scheduling job interviews in organizations I envision for my next move. If I don't do this, I will not grow!

Thus, in the context of above, we have adequate evidence to accept that impulses (desires) cause amoral or even immoral behavior in the society. Does this mean that "Motivation" is always dysfunctional as contrary to the thumb rule that "Motivation" is the essence of employee's energy? This confusion arises when we classify individuals either as motivated or not motivated. Revisiting our thinking on motivation in the context of above evidences opens new horizons. As we move out of the traditional mindset on motivation, we find two glaring realities: firstly, motivation is always there in individuals; some are able to connect it to their pursuits at work while others try to satisfy their motives outside the work domain. The formers are identified as "Motivated" and latter ones are tagged as "Demotivated" by their supervisors. Secondly, motivation can be measured on a continuum with impulse (desires) on one extreme and rational-needs on the other. The former extreme is the one that leads to amorality, immorality and sometimes severely affecting even work-life balance, for in this case the impulse (desire) becomes the end in itself. On the contrary, rational-needs model of motivation represents a more rational behavior within the limits of moral boundaries. Incumbents with this motivation type put in more commitment and responsibility to their pursuits than the former ones. Put it differently, they conduct themselves rather responsibly at work and in life. On the personal level, the former types fail to experience the happiness that stems from state of satisfaction and contentment, but rather always feel for more, hence live with dissatisfaction. Even more sadly, they burn out quickly. But the latter ones always get the happiness for being content with their achievements thus far and experience more satisfaction for they follow rational-needs that are realistic and contained.

Implications for Performance Management

Motivation is considered as one major determinant of employees' loyalty and commitment. Employees' hyper-motivation in general and stereotype recruitment paradigms have seriously affected loyalty and commitment.

There was a time when employees were loyal to their organizations and committed to their work. Today, both in the public sector and private sector, employees tend to be in a state of urgency to secure benefits – turning fence sitters and getting stressed out in the process. Organizations that are able to guarantee benefits within the pursuit of organizational objectives are the ones that effectively leverage their employees' motivation. But not for very long, for their expectations usually grow faster than their productivity. The obvious consequence is that they turn into fence sitters, actively seeking more lucrative opportunities outside the organization. The author has evidence that in the corporate setting, employee continues hopping from one to another organization for financial gains and perceived satisfaction. In the public or Govt. organizations, employee continues hopping from one posting to another to secure next promotion and sometimes for some other personal gratifications. In short, employees in both settings show no loyalty and commitment to the organization and work, respectively. The challenges for the organization are obvious and definite, unless organizations turn a blind eye to it.

Nurturing the Friendly Motivation

One may decide to live with motivation (or lack of motivation) and get what s/he may translate as his or her destiny. On the other hand, we may proactively harness motivation to our own advantage. It is easier to be in a comfort zone but it is difficult yet lot more rewarding to proactively harness our motivation. Harnessing motivation entails self-awareness and self-restraint. One can think of many ways of creating self-awareness and self-restraint. Here is a unique technique that subconsciously causes self-awareness and self-restraint: the "Prayer". While prayer has multiple positive effects on one's life, it also benefits in subconsciously setting the goals and targets. As we recite prayers, these cast a direction for us in life and work. For example, when Muslims recite Sura Fatiha, besides asking for Allah's support they subconsciously set directions in their lives when they say, "Oh Allah put us on the righteous path, the path of those on whom you bestowed your blessings and not of those who went astray or those on whom you cursed". When recited with understanding, it inculcates self-restraint against impulsive life style (impulsive desires) and at the same time it creates self-awareness of what to accomplish to succeed. Individuals following other religions have similar prayers in their respective scripture, which they recite. Hence, as a principle, we can generalize that one should recite prayers that improve the person's self-awareness and inculcate self-restraint against impulse as a technique to harness motivation. Besides, giving thanks to Allah (Creator, Sustainer, etc.), one is able to focus on accomplishments (gains and gratifications), which enhances contentment that is a second mandatory requirement for harnessing and sustaining one's motivation.

Organizations also need to move away from stereotype recruitment paradigms and should build realistic models based on harnessed motivation, and foster such culture in their respective work organizations should they seek sustainable employee-productivity.

We Barely Do Things for Others' Rights

Some thoughts on Responsible Performance Orientation

We know we have rights on others social contract that everyone buys-in. give others' rights voluntarily or for of it, this question really seems weird will realize it is a real problem in the professional relation-ships: "We rights." We give respect to people or favor, not to people as fellow organization for rewards not to give to earn nai'ki alone, not to seek and others have rights on us: A But have you ever thought if we our own advantage? On the face but as you may ponder deeper you center of our social and barely do things for others' who can give us some advantage human; we work for an their rights on us; we go to funeral pardon for the dead!

We barely do things for others' Rights!

We give respect to people who can give us favors, not to people as individuals; we work for an organization for rewards not to give their rights on us; we go to funeral to earn nai'ki alone, not to seek pardon for the dead!

What happens when we care less of others' rights and do things for attaining our personal needs (desires and impulses)? The answer is simple, although we still do things for others but at superficial level yet from inside, we do things for us: All that matters is our needs. Motivation narrows down to personal gratification and greed. On the contrary, as we start doing things for others' rights on us our behaviors become independent of our needs and we no longer require external stimuli to perform. In short, we begin to do things out of our conscience (sense of responsibility) without directly seeking reward: *Do things for people and seek rewards from Allah.*

Wait! There is a disguised responsibility driven behavior, which may resemble responsible behavior but in fact it is covertly needs driven behavior. Look at, for instance, sales persons who take responsibility to earn profit for the company by selling low quality products to their customers. They may be responsible for the company at the cost of customers' rights. Likewise, Public servants make policies that are beneficial for the Government, yet they disregard the cost to the citizens at large. Medical practitioners responsible to make the Hospital more profitable, often recommend unnecessary treatments to their patients. Similar instances abound in our environment. These are disguised because the underlying rationale is personal gratification and greed, for their personal advantages are directly linked with it.

I often thought what has transformed our behaviors from conscience to instrumentality (*desires – efforts – rewards*). Paradoxically the transformation has literally affected every dimension of our lives. Be it professional, academic, social or religious. Everything is now done for a need (money in particular). Consequently, the purpose is effectively replaced by gratification of needs (desires and impulses). In short, the meaning of motivation has been narrowed down to need-based rationality of human endeavors. Higher order motivation like conscience, responsibility and purpose are eclipsed.

Motivation is not falling prey to one's needs (desires and impulse)!

Motivation is start living with a purpose, conviction of faith and optimism!

What have been the drivers of this change? Sadly some major drivers are the go-getter employers in majority who find it easy to motivate their employees by paying money and get whatever and whenever they want ignoring the cost of losing employee commitment that they must bring to work; academia is all selling education under the disguise of guarantying lucrative career ahead. There is nothing wrong as long as students are learning. But the problem is most of the students become interested in getting degrees rather than education. Ironically, many institutions have also found it an easy way to mobilize more and

more students, give them with degrees (not education) and make money; in our social setting unfortunately, we respect and value people by the stock of their material resources and what they can do for us. The obvious outcome is motivation is narrowed down to money. There is but a natural spillover effect of the prevailing mindset in our religion too. We hardly do ibaadat out of our conscience or as responsibility to Allah. Instead we pray, fast, go to hajj and do a whole lot of ibaadat in anticipation of getting credits in our eternal accounts alone nothing to do with correction in our lives. For instance, each of us shall always be thankful to Allah and obliged to Prophet Muhammad PBUH for guiding us on the righteous path. Allah and He PBUH therefore has rights on us that we do Allah's *Zi'kar* and seek enhancement of his PBUH status from Allah by reciting "*Durood*" for him PBUH: How many of us do it with this conscience instead we do Zi'kar and recite *durood* to get credits in our eternal account alone. Similarly, each of us has this right on others that they seek pardon for us as we die. Sadly, whenever there is a funeral-prayer announcement from a mosque, *Imam Saheb* persuades people to come to the funeral-prayers to earn credits in their eternal account alone. I never heard him calling people to come together for seeking *magfirat* for the deceased fellow human. Likewise, we give charity to the needy but would not think that we are giving him his right but we do it as a favor unto him and in the hope of getting credits in the eternal account alone.

Optimism is not to expect positive without right efforts!

Optimism is to unleash all given opportunities then embrace "come what may" with a gratitude and conviction of faith!

Conclusion

We often confuse the purpose with our needs. Needs are our desires but the purpose is the reason to act. In professional work settings employees often think that performing certain actions and attaining targets is enough. Can organizations achieve their purpose? Wrong! Evidences exist where people have performed actions and h attained their targets yet they failed to deliver what they are meant to do. Hence, the second important element of success is able to clearly see the purpose without the glasses of objectives and actions.

"Prophet Noah PBUH built the boat with strongest conviction of faith, although by worldly basis his nation was land locked and floods seemed impossible. Prophet Ibrahim PBUH faced numerous challenges with strongest faith. Alhamdolillah, history tells us that he not only embraced the challenges with courage but the outcomes had always been in his favor – whether it was the incident of him putting in the blazing fire or sacrificing his beloved son in the name of Allah. Thus, we can say conviction of faith is one of the critical elements of success."

We expect and encourage people to think positive: "I will get it; I will achieve it; I know decision would come in my favor" a long wish-list nothing else. Optimism is to unleash all given opportunities then embrace "come what may" with the sense of gratitude.

Emotional Intelligence Indicators

Students who secure high scores in their exams are given more opportunities than runners up. The assumption is that a high scorer has relatively higher learning ability (learnability) and can perform better in his or her career. Although it is an observed fact that average students perform better in their lives and career.

> Daniel visited a kindergarten and gave candies to a group of children. He told them that they can eat if they want. However, if they do not eat, then he will come again tomorrow to give more.
>
> Except few, rest of the children had already eaten the candies. Those who did not eat were followed for next 30 years to observe what different they do in their lives.
>
> It was found that they led a balanced life; made better decisions and were more satisfied (contended). They all shared the two fundamental characteristics.

Daniel Goleman, an American psychologist, conducted a research and observed two fundamental characteristics in individuals with higher emotional intelligence namely, ability to delay one's gratification; and, positive thinking (accepting the unseen). The research was rightly considered a breakthrough, for it revolutionized the assumptions about people and success. Nevertheless, its foundation signs were already indicated in the Noble Quran, Sura Al Asr. In that, Allah take witness of Time and says verily men (women) are at a loss except those who have faith (accept Allah the unseen)

Developing Emotional Intelligence

Good news is that emotional intelligence is learnable. Daniel Goleman developed a framework of five elements that describe emotional intelligence:

- Self-awareness,
- Self-regulation,
- Motivation,
- Empathy, and
- Social skills.

Self-Awareness

It is an ability to recognize and understand our own moods, emotions and drives as well as their effect on others. This is linked to three competencies. Self-confidence; Realistic self-assessment; and, Emotional awareness.

Self-Regulation

Ability to control or redirect disruptive impulses and moods and regulate own behavior, coupled with a determination to pursue goals with energy and persistence. The six competencies associated with this are Self-control; Integrity; Initiative; Adaptability; Openness to change; and, Effective motivation.

Empathy (Social Awareness)

The ability to understand the emotional make-up of other people and skills in treating them according to their emotional reactions. This is linked to six competencies: Expertise in building and retaining talent, Organizational awareness, Cross cultural sensitivity, Valuing diversity, and Service to clients and customers.

Social skills

Proficiency in managing relationships and building networks to get the desired result from others and reach personal goals, and the ability to find common ground and build rapport. The competencies are: Leadership, Effectiveness in leading change, Conflict management, Influence / Communication and Expertise in building and leading team.

Trust: A Must-be for Working with People

Once there was a person, he fell from the mountains and was hanging upside down with a rope tied to his feet. It was cold dark night. He prayed to Allah to save him. Soon he got his inspiration to cut the rope. But he thought he will die of free fall, so he did not and decided to wait for the morning. Unfortunately, he died of extreme cold weather before the dawn broke. Actually, he was only four above the ground level, but not trusting Allah, he did not respond to the inspiration and died. Many times, thoughts come in our mind that Allah is not listening to our prayers and he will not help us. It is a manifestation of our lack of trust on Allah at times.

Like father like son! Father and son relationship is the most trust worthy of all relationships. It is based on sincerity, respect, free from suspicion and free from hidden-agenda. Similarly, we friend with people we trust; as professionals we choose to work in the organization, which we trust the most; as customers we choose products of the brand, we trust the most; as employers we choose to retain our employees whom we trust the most. Trust is an essential factor in building, enriching and sustaining relationships.

People followed Prophet Muhammad *PBUH*, because they had trust on him: The very first time when he invited people to Islam, he said to them if I say that an army is coming from the other side of the mountain would you believe me? Everyone nodded in affirmative, even the ones who did not accept Islam. The sheer reason was their extra-ordinary trust on him. Likewise, Muslims from all ethnic backgrounds unanimously accepted Mohammad Ali Jinnah as their leader. Because! He was known a man-of-principles: an astute professional lawyer. Having said so, it is evident that to work with people (or to lead them) one needs to command trust. It is pertinent to note that trust has to be on both sides: While leaders should command trust of their followers, it is also important that followers should demonstrate trust worthiness to their leaders for a mutually complimenting and enriching working relationship. Theory 'X' and 'Y' represent leader's trust on their followers: 'Y' being positive and 'X' being negative trust.

Trust is built on the basis of respect, sincerity, freedom from suspicion, freedom from hidden-agenda and knowledge. One who commands trust is undoubtedly considered "Reliable and Capable" of living up to his commitments. For example, as we put our trust on a person, we expect him or her shall fulfill his or her commitments. In case of our trust on a product we expect it shall perform as per standard proclaimed.

Building Trust at Work

Trust building is an evolutionary process. One needs to demonstrate trust in his actions more than in his words. Many leaders have been publicly vocal about higher values and principles but Muhammad Ali Jinnah and Nelson Mandela demonstrated trust in their actions. It evolves through inside out approach. First one needs to bring about positive change in his beliefs and values followed by mastering the social and professional acumen. Subsequently one should demonstrate trust in his actions. The advantages of successfully gaining trust of others are humongous. To name a few, it opens the communication; averts conflicts; creates synergy; improves social and professional image and last but not the least enriches social and working relationships.

Third Dimension in Time Management

All Mighty Allah has taken "Time" as His witness in Sura ASR. Furthermore, All Mighty Allah has guided us that performing prayer, which is a central act of worship and cleanses the hearts, is a must upon believers on their fixed times. Followed by noble prophetic saying, "Those are losers whose today is not better than yesterday". These noble evidences suffice to acknowledge the significance of "Time".

Time Management is about making decisions what to do in a given time. Value of our accomplishments or productivity is linked with the effectiveness of our decisions: In retrospect, time could have been well spent or not. An effective time paradigm would depend on the amount of time spent well. The following incident explains it well, "There was this junior Accountant. In his company, one could triple his salary doing overtime as the management used to pay fairly above the normal pay-rate. But this young individual decided to say no to overtime and went to school for further education. Ten years down the road his colleagues at the company were still doing overtime to get extra money but this person having acquired professional qualification in accountancy has now an executive career in the same company earning much more than his colleagues".

Time management is surely instrumental in helping individuals attain discipline in their activities: Stephen Covey referred to this as "Doing Right Things at the Right Time". Brian Joiner author of Fourth Generation Management had empirically concluded: Organizations that learn and change faster (*at the right time*) outperform even their senior competitors.

Hence it would not be wrong to say that "*Time*" is the most crucial resource for individuals and organizations to glow, grow and go! Time is a kind of resource that never comes back – *take it or leave it*. An accomplished individual on his retirement would be the happiest person for being able to use his time so well! He would say, the comprises he made for his leisure time yesterday has rewarded him today – *Allah says, "Surely in hardship (today) is ease (tomorrow)*. On the contrary, a student hitherto ignorant of the value of time cannot regret more on the day his exam results are handed over to him. Likewise, a complacent corporate manager would always regret his complacence of not acting on time when his accountant declares financial losses or competitors win over his business.

Generally, time management paradigms suggest ways to efficient and effective use of time. In this brief article, let me propose a third dimension in time management: Optimizing Time Utility. Details follow. I hope my readers will find this third dimension a valuable input.

Perspectives in Vogue

Individuals may live their whole lives without much effort and would be satisfied with cursory achievements. Likewise, organizations can grow organically without any planned directions and sustainable rewards. But is such a life of individuals or organizational growth a truly meaningful and above that sustainable? The chances are No! Both individuals and organizations live and grow along a time horizon. If either of them fails to make right decisions and act in the right direction at the right time, they are bound

to fail. Having said this, "Time" is the scarcest resource of all, for it is either used or lost. A proper management framework is warranted to optimize time-utility.

Review of the contemporary "Time Management" principles and tools reveal that such are largely focused on aligning actions and improving efficiency of using time. In other words, time management principles and tools are applied in silos. The result is we master managing time but often times we miss out optimizing its utility. This was concluded on the basis of a short survey. Summary analysis is appended:

Summary Analysis

a. The concept of Time Management has no shared perspective.
b. Different perspectives are reported, which can be clubbed into three categories for convenience, namely; Effectiveness (or outcome) orientation, Efficiency (or output) orientation, and strategy or action orientation.
    i. Honor commitments or promises; achieve work-life balance; achieve results (outcomes); and, productivity were a few responses that represent effectiveness-orientation.
    ii. Responses like, attain output targets; complete work in time; maintain TAT; and, maximize number of outputs (chores) or efficiency typically represent efficiency-orientation.
    iii. Identify governing values; prioritize task; do first thing first; perform duties on assigned times; start the day early; and, never miss an appointment represent action-orientation.
c. Efficiency- and action-orientations dominate in the above responses while effectiveness-orientation is represented to a lesser extent.
d. Contemplating as a general rule, effectiveness-orientation is more relevant and reliable measure of time-utility – *higher the time-utility, higher the effectiveness*. On the contrary, performing X activities (actions) and/or completing X amount of work in a given time (efficiency) will not necessarily guarantee desired effectiveness (outcome).

Question
What do you consider the advantage of Time Management?

Responses
As initially assumed, different individuals reported different perspectives.

- Achieve targets, results, complete job on time, and never miss an appointment.
- Achieving results (outcomes).
- Complete work in given TAT at maximum efficiency.
- First things First; determine priorities in life and governing values.
- Honor commitments and live by promises.
- Less stress through work life balance.
- More productivity (output) in 24 hours.
- Performing duties on time.
- Prioritizing my tasks so that I get to complete maximum number of chores in a chosen time frame, without overlooking / omitting any important one.
- Prioritizing task and managing time accordingly.
- Start the day early at work so that one can leave on time after a stipulated time routine with work of the day end and giving time to the family (personal life) when back home from work.

The reported orientations towards action and efficiency are pertinent as "means to end" but not as "end" for managing time-utility, while effectiveness-orientation represents the "end" of time-utility. Hence, we may conclude that focusing on action and efficiency orientations without due focus on effectiveness-orientation will only suffice to make "means" as an "end" in managing time-utility thus displacing/distorting the very purpose of whole exercise.

The survey confirms that ongoing time management principles and practices are dominantly focused on action and efficiency orientations and the effectiveness orientation, being the more important, is missing. Hence, the need for developing an integrated Time Management Framework is imperative.

Optimizing Time Utility

Like utility of any other resource, the utility of time is measured in terms of its impact in the lives of individuals: Whether one attains self-contentment and enjoys better quality of life. Such are the ultimate impact indicators. However, the ultimate impact will be attained via achieving the followings, referred to as intervening impact indicators. Such as optimized productivity, balanced achievements across work and life dimensions and last but not the least commitments honored.

Impact Indicators

Intervening Level
- Optimized productivity
- Balanced achievements across work and life dimensions
- Commitments honored

Terminal Level
- Improved quality of life
- Self-contentment

We may always do right things at the right time or spend our time most efficiently. But it would only make us do more in a given time yet may not lead to greater impact on our work productivity or lives. So ideally to increase the effectiveness of our lives in a given time we need to shift our focus from using time more efficiently to increasing time utility. Time-utility is directly co-related with the time effectiveness on our work productivity and lives. Put it differently, if we use time for optimum utility then we can rightly expect higher effectiveness leading to greater impact on our work and lives and vice versa *(See figure below)*.

When we focus on maximizing time efficiency, we do right things at the right time but in isolation of time utility hence impact. On the contrary, optimizing time utility entails that:

a. Allah says in Sura Furqan that Muslims do not spend time in useless (*Lugve*) tasks. In Sura Muzzamil, Allah says standing in Prayers during half of the night (or more or less) is far better than sleeping. Likewise, the caller of Fajir Adhan reminds us that standing in prayer is better than sleeping. This follows that Allah forbids spending time in useless affairs and encourages to make better use of time and spend less time in low value actions however urgent these may be. Speaking in daily situations we often kill our time utility in many ways. Some times by spending excessive time on meetings and discussions while doing less of actual work; unnecessarily working long hours to the extent that one cannot concentrate on the work; having a ritual of sitting till late in the office; chatting with friends and strangers for an extended period; building personal relations beyond necessity; and when nothing works go sleep at the day time. Some of these and similar actions can be eliminated in totality while others can be minimized to optimize time-utility.

   This can be visualized on the continuum. The extreme left represents 100% time spent on useless and low value activities. The extreme right represents 100% time spent on right and high value activities. As we move from left to right on the continuum, our time utility will increase and vice

versa. We cannot stay on extreme right all the time, but it is recommended to stay in the right region to maintain higher time-utility.

The first principle: We should spend more time doing activities that are rational and productive by saving time spent on low value and useless activities. We may not be able to totally eliminate time spent on useless and ritualistic activities but can always minimize it.

b. We need to align our activities with the expected impact on our work productivity or lives. For example, if we were to increase our work productivity, we should focus on actions that have most utility (higher value) on our productivity, such as planning our work before execution or diagnosing the correct problem ahead of finding a good solution. It may consume a bit extra time at the onset, but would save re-dos that eventually waste more time later. Similar analogy works for improving achievements in life.

The second principle: We may spend a bit extra time at the onset and prevent wasting lot more time later.

Comparative time-utilities of different actions

The chart below spreads activities along the time-utility quotient. Theoretically it may suggest that maximizing focus on time-utility alone would mean higher impact. However, the underlying premise of optimizing the overall impact entails that one should strike an intelligent balance between maximizing time-utility and humane considerations. A friend once said, "One may indulge in a hobby or an activity that energizes the mind and gives peace & happiness. Put it simply, it is important to keep hobbies and enjoy what u do, irrespective of its low-utility quotient, as long as it makes you feel good". In short, productivity with a pinch of leisure has a more meaningful impact.

The chart given below can be used for assessing how one uses his time. It can also be used as a planner to optimize time-utility by reshaping the activities for greater and meaningful impact.

Dimensions/Activities	Negative time-utility	Low time-utility	High time-utility
Personal	Indulging in activities that spoil health and career	Hobbies	Practicing faith (not rituals)
	Reading gossips	Entertainment	Learning & Development
			Earning livelihood
			Healthy living
Family & Friends	Networking with strangers on social media		Spending time with family and friends

		Socializing with friends	Family chores	
			Helping friends	
Work	Procrastination	Unnecessary late sittings at work	Planning	
	Politics at work	Not delegating	Execution	
	Workaholism	Doing non-core tasks	Monitoring & Assessment	
			Improvements	

N.B. The actions are not exhaustive but exemplary.

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The Flip Side of Motivating

Motivation is so very important to keep us all going. However, it often leads to stressful situations, dissatisfaction, dysfunctional competition and last but not the least immorality. In my opinion, this is so because we have developed a stereotype perspective on our motivation: our needs. In this short analysis I have attempted to discuss some pertinent underlying variables that cause the stated situation. I have also discussed alternate basis of motivation.

In simple words, we can define motivation as the "Reason" of acting or not acting upon in a given situation. In a conventional perspective, our needs & expectations provide the reason to act or not to act. It works like this; needs cause stress, which in turn lead to a particular action or inaction. Needs are basically unending and are easily provoked by the environment. In fact, we all grow up targeting needs as our fundamental motivation. Maslow's ground breaking theory of motivation attempted to define different types of needs and their priority. He described needs as a hierarchy of most urgent to less urgent needs. According to him, most urgent needs are physiological and physical needs such as food, shelter, clothing etc. The next level of needs is security. Once a person attains a level of physiological needs the need to secure the same for the future becomes pertinent. Needs on third priority level is self-esteem. According to him a person would only become concerned for his or her self-esteem after securing his or her fundamental needs i.e. psychological and security. Recognition and actualization are subsequent needs according to him. Although his views on the priority of needs are highly debatable but for now let us contain ourselves to his description of needs alone.

As we consider motivation as an outcome of needs alone, we have little option but to accept its flip side. Put it differently, stress, continuing dissatisfaction, dysfunctional competition and immorality are a few inevitable negative effects of needs-based motivation. Furthermore, the assumption in need-based motivation is that higher the needs higher will be motivation. But we forget that higher the needs also mean lower contentment, which inhibits sustained motivation.

However, as we explore out of box, we can discover many other factors that can stimulate motivation without causing ill effects, such as; conscience, happiness, and fear. Conscience is referred to one's awareness of his or her obligation, which in turn leads to sense of responsibility to act or not to act in a particular situation. This can be a reciprocal obligation of a seller to give equitable value for money to his customer; of an employee to give equitable performance in return of the compensation the organization gives to him; or social obligation to blow the whistle against injustice. Interestingly, one may blow the whistle for personal gains too, but it would be black mailing.

Happiness is satisfied feeling. It generates positive energy. We all indulge in activities that lead to happiness. A poet for instance spends hours and hours perfecting his poem only to get the feeling of extreme intrinsic satisfaction.

Fear is a strong deterrence against wrong doings. We all need motivation to stay away from indulging in wrong behavior and regret later. Be it not doing enough for oneself, cheating customers, underperforming on the job, etc.

Conclusion

We all can be doing similar things, yet from a different perspective – *Needs, Conscience, Happiness and Fear* – only to experience different performance outcome such as stress, consonance, satisfaction and security, respectively. In conclusion, we have basis to say that need based motivation is less sustainable and often encourages undisciplined performance on the contrary conscience, happiness and fear are a few more effective bases of motivation. Therefore, we need to grow our children to be conscientious of their responsibilities, pursue true happiness and develop fear of immediate or distant repercussions of wrong doings. Then they will be perfectly motivated to perform in their lives.

Downside of Management's Prerogative

Winning employees' commitment, work ownership, and making them responsible and passionate at work is every organization's objective. Sadly, however, it seems difficult for many organizations to attain this in their given scheme of internal environment, policies and management's style in particular. Mechanical organizations approach this objective via instituting controls while modern democratic organizations advocate transforming hierarchies into work teams, sometimes developing a hybrid of hierarchical and team structures, and more commonly organizations resort to motivational sessions. Such interventions generally prove pseudo on the ground or if at all bring some change, it fades away quickly. The problem is somewhere else: management's undue emphasis on its prerogative damages the psychological contract.

Psychological contract is fundamental to employees' work behaviors. In this short article, let us explore the factors that make or break the psychological contract hence employees' behaviors in a typical work place.

A typical "psychological contract" comprises of employees' agreement (or disagreement) on their responsibilities vs. rights in a work setting, which in turn affect employees' perspective as described above. It is an unwritten and implied phenomenon hence abstract. It is often influenced by organizational policies; management style; and employees' perception of the former.

Generally, employees' set of responsibilities include but not limited to; work they should do, work norms they should follow, work quality they should accomplish, interaction with seniors and fellow employees, discipline, ownership of work etc. On the other hand, employees' expectations of their rights cover a range of their personal and professional needs. Such as; compensation and benefits, working conditions, status and dignity, authority, access to organizational resources, participation in decision making, etc. As long as employees maintain harmonized view of their implied responsibilities and implied rights and vice versa, the psychological contract is said to be in place. However, when the perceived linkage or inter-dependence of responsibilities and rights is broken, it usually paves way to conflict: Employees would fail to link their proclaimed rights to their work responsibilities. In short, employees with a broken psychological contract tend to proclaim their rights independent of accepting the corresponding work responsibilities.

Management's Responsibility Vis-a-Vis "Psychological Contract"

We have said before that psychological contract is influenced by organizational policies and management style. It is a fact that performance-focused policies and facilitative management style have been instrumental in putting "Psychological Contracts" in place. On the contrary, control-focused policies and excessively authoritative management style is detrimental to the "Psychological Contract". In other words, emphasizing on responsibilities while denying rights under the disguise of "management prerogative" undermines the perceived linkage of the rights and responsibilities. Put it simply, rights being more important than responsibilities for the employees; when their rights are put under management

prerogative rather than performance, they move their focus from responsibilities to building relationships with their bosses to optimize their personal and career advantages. Examples abound.

Having said this, it is the organization's responsibility to develop policies, demonstrate management style and mend employees' perception that explicitly connect their rights with work responsibilities. For instance, "pay for performance" policy if instituted in the letter and spirit, can help create direct linkage of what employees should expect and what they should deliver. On the contrary, where pay is determined based on employees' grade or position alone and has no linkage with employees' performance such is the situation where the employees' expectations of what they may earn are delinked to their acceptance of work responsibilities. Similarly, policies that link employees' grade/seniority with the level of their responsibilities help build positive psychological contract. On the contrary, where employees' responsibilities do not correspond to their grade/seniority in that case higher grade/seniority becomes more of a status symbol with no acceptance of higher responsibilities. Quote, *"Once a Senior Vice President of a local bank said, "he was better off posted at Zonal Office with back office responsibilities, while his junior, a Vice President, was heading the Zone. He explained that while he continued to avail benefits of a Senior Vice President so why should he take key responsibility of a Zonal Head for no extra benefits to him."* Unquote.

Speaking of management style, it clearly has proven significance in making or breaking the critical link between employees' readiness to take responsibility and their reward expectations. As managers maintain objectivity in interacting with the employees and reinforcing their behaviors purely on the basis of their performance surely contributes in strengthening the critical link. On the contrary, where managers proclaim reinforcing (rewarding) employees as their prerogative rather than employees' performance as the basis, in that case the critical link is severely damaged. Quote, *"In a typical authoritative culture a senior manager legitimately asserts again and again that employees can't claim their benefits like salary raise, promotion, overtime, leave of absence, even participation in a training program, etc. as a right, rather it is management's prerogative to award it to whom it may consider. Consequently, instead of showing responsibility to work, employees in general have turned their focus to maintaining good terms with the management to optimize their rewards."* Unquote.

Prevailing Scenario

As noted in the beginning, often employees in general do not take responsibilities or bring commitment to work or deliver performance at acceptable level, especially in public sector work settings. It is a clear indication of broken psychological contract across the board. Though it is a sweeping statement but sadly holds ground, examples abound. Amongst the commonly prevalent practices that are subtly responsible for the destruction of psychological contract are: Firstly, over emphasis on management's prerogative that usually leads to lesser objectivity, unequitable rewards and lack of management's accountability, etc. Secondly, position specific fixed pay packages. In most cases, pay packages are grade specific rather than responsibility specific. In my country, sadly even CEOs have their position based fixed pay packages irrespective of how well or bad the organization would perform. On the contrary in many internationally competitive organizations, as a person becomes more senior his or her pay package becomes more and more contingent upon the productivity – flexible pay system. However, a lesser

percentage of pay is subjected to productivity at middle and front end, which is understandable. Another phenomenon that has been evident in contemporary organizations is that pay package is individual specific and is largely determined by a person's bargaining power. Thirdly, hybrid team cultures have also diluted the sense of responsibility that is expected from employees. Having said this, the contemporary practices have over arched work commitment, responsibility, passion, ethics, loyalty etc. so much so that motivation is now considered as personal-gratification (benefits), while commitment, responsibility, passion and ethics are outside the purview of motivation and are practically optional.

Talking of the flip side of unproportionate increase in the pay packages, we have evidence that it has only added to the number of fence sitter-employees who can be seen frequently hooping from one organization to another for even small financial raise, but the performance has yet to go up in general. Money seems to have become object of motivation rather than subject of motivation. Under the disguise of market based competitive salaries, individuals are availing humongous pay packages with no linkage to their commitment, responsibility and performance: All is being done on the basis of proclaimed rights and power to bargain. Banking industry is seen at the front end of this trend. Similar conditions prevail in autonomous bodies of the federal and provincial governments, which have followed suit. Quote, "*There is this public entity operating within the Govt. echelons. Being an autonomous body, it sometimes takes the undue advantage of fewer govt. controls: Its board has administrative and operational empowerment. Exercising and even exceeding their authority at times, the board awards extravagant financial rewards in terms of salaries much higher than their counterpart organizations and offer humongous annual bonus. They assert that it is incumbent for higher standards of performance, attract quality human resources and averting corruption. Indeed, the organization's performance has been good but ironically the organization's performance is much dependent on its business policies and rules rather than on the actions of their employees. Secondly, evidence is available that suggests their ability to attract officers from mid-tier universities/institutes only unlike other public sector organizations who have attracted officers from local and international top universities/institutes, while maintaining salaries at a lower but competitive level and with no bonus policy. Lastly being a relatively nascent organization, it is difficult at this point to look for evidence of the organization being corruption free. It is, however, clearly visible that its employees both directly recruited and who come on deputation from the other govt. departments join and stay for extra financial benefits while their performance commitment is no different from other public entities. In fact, the board members themselves are the largest beneficiaries of such practices.*" Unquote.

Way Forward

Fixing the psychological contract may be a difficult and long-term target, but can be done if organizations commit to bring fundamental change on their management outlook and policies. Often, the problem is altogether denied or whenever an intervention is instituted it is done with much lesser hope that it will fix the problem. Moreover, good interventions beyond rhetoric initiatives are sabotaged by the fewer but powerful persons having their interest in the prevailing scenario.

Taking heed of the constraints, let us talk about the solution. The foremost is the organizations' absolute commitment to the solution. Secondly, following the fundamental principles of objectivity, transparency and equitability the organizations should revisit their policies and align management style

that can foster inter-dependence of employees expectations (rights) and responsibilities; make policies based on best practices and not to legitimize their given practices; reinforce employees behaviors equitably; and last but not the least, rationalize the culture of prerogatives and discretion.

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Don't Waste Money to Motivate: It Takes Something Else

Pakistan armed forces; many religious scholars; researchers; social entrepreneurs and so many others undoubtedly are truly motivated for what they do. Work-Motivation refers to employees' sense of responsibility, ownership, enthusiasm, commitment and passion that enables performance far above the minimum requirement. Harnessing employees' motivation towards the organizational mission and goals is the biggest of all challenges facing the organizations. To an extent, organizations can hire best of the talents by offering fair and competitive pay and through training and developing their skill-set. Nevertheless, their investment would be futile if they fail to harness their motivation in the right direction – *inculcate sense of responsibility, ownership, enthusiasm, commitment and passion for the organization and work they do*. In this context let us explore the function of "pay" in managing employees' motivation.

Undoubtedly money occupies central function in our lives. Money buys us our necessities; it gives us feeling of security; it affords us status in the society; and of course, it is a measure of success. As we earn more money, we get more gratification: A higher standard of living; fulfilling our dreams; enjoying pleasure of power; feeling greater freedom; indulging in greater comfort; so, on and so forth. Nevertheless, numerous evidence-based research studies suggest that with money organizations can't motivate employees. Herzberg[1], author of famous "Two Factor Theory", had long ago suggested that money keeps employees from getting dissatisfied but does not induce satisfaction. He explained that dissatisfaction and satisfaction are two independent variables. Hence, he termed money as "Maintenance" factor not "Motivational" factor, for it maintains employees' behaviors at the minimum level but does not induce motivation to perform at par excellence.

Speaking from the organizations' perspective, paradoxically, evidences suggest that money cannot buy employees' engagement beyond the minimum actions. Money can buy employee's time and presence in a situation but it cannot make him yield performance above the minimum requirement. Money does not make a person ready to work with responsibility and ownership; to bring commitment and enthusiasm, to take pleasure in doing the work etc. In short, higher pay can enhance personal gratification by providing means for fulfilling personal needs, desires and dreams – *a personal gratification syndrome [PGS]* – but does not affect motivation to work at par excellence.

Ironically many employees lack adequate work motivation, which is evident from a number of real-life situations. To start with, today employees demand higher-pay yet at the same time they switch from one organization to another for trivial financial gains – *a big time businessman once commented in discussion with his friends that he does not want to train employees for his competitors*; generally today's employees are academically more qualified compared to their successors yet they often fail to innovate and improve upon the quality of work; while organizations propagate their unconditional commitment to customers, quality and environment employees show least concern for the organizational commitment. It is often observed that employees even in senior positions show little empathy to the organization and its customers over their personal interest – *For example, even in strategic meetings employees can be seen influencing*

organizational decisions in their personal interests; last but not the least, employees perform their jobs to the extent of securing their personal objectives instead of as a responsibility, which leads to voiding of the psychological-contract.

To substantiate further the inadequacy of motivation, we have basis to say that people with inadequate motivation do not work as a responsibility of holding a position or competence instead they work to get paid. Their entire focus is on maximizing their personal benefits at minimum efforts. We observed this day-in day-out that a person, for example, holding a public office rather continue his employment to earn salary and not as a responsibility of serving the public or protecting their rights. We have examples of apathy among employees about the organization's goals and mission. For instance, a school's mission to educate the underprivileged generally does not seem to trickle down into the minds of its teachers who are just doing their jobs to earn money; a public servant generally does not do his job to solve public problems or to facilitate public at large but he takes up his job mundanely as a source of earning for himself and his family; a corporate manager is no exception, he or she would aim a higher position and better salary, nothing wrong, but seldom commits himself or herself to the organizational mission beyond doing certain decorative tasks that look good on the balance sheet or in the board room. There was this President of a big Commercial Bank he projected a very progressive image of the bank and its performance. However, as soon as his successor took over the charge of the bank, he found out to his and every one's surprise that the humongous profits on the books were actually big-time losses in reality, however, intelligently camouflaged. Examples abound.

In short, money is a good source of keeping people happy and stick to the organization but for a limited purpose. However, it falls flat when it comes to motivating employees to do their job with a purpose, responsibility, commitment, ownership, passion, etc. In fact, money has made employees greedy for more, which has eclipsed their real motivation. "Does Money Really Affect Motivation?" A research review published in HBR[2] concludes that money has no correlation with motivation. Instead, it eclipses motivation in certain conditions. As organizations naively resorting to "Higher pay" for managing their employees' performance, two typical phenomena have emerged, namely; employees hopping from one organization to another for smaller monetary advantages, and in turn it has pushed the organizations into price war for employees under the disguise of recruiting quality human resources. It is note-worthy that those employees who stick to the organizations are rarely the assets but the ones who lack competitiveness to perform in the face of professionals competing to excel in the world of work. Yet, they seek more and more benefits under the disguise of being loyal to the organization.

Revisiting Motivation and its Function

We loosely use the word motivation and gratification interchangeably. But in fact, these are concepts, which are poles apart. Motivation is working with purpose, passion, commitment, responsibility and enthusiasm. On the other side, gratification is the happiness employees experience by securing personal benefits, higher pay being the primary benefit in a job. Motivated employees tend to perform at par excellence, while gratified employees experience minimal dissatisfaction at work. Ironically, being happy does not mean the employee is motivated too. Being happy only averts chances of an employee leaving the organization.

Motivation is a major variable in employees' perspective that influences employees' performance to the better or to the worse. Revisiting Maslow's Hierarchy of Needs[3], one can say that the first two needs are the subject of gratification not motivation, while the higher needs are the subject of motivation. Fulfillment of the first two needs simply help retain employees irrespective of their capacity and performance. In fact, employees with little chances of securing similar benefits elsewhere stay while others with more opportunities are the fence sitters. So, at the end of the day, if organizations focus on higher pay then they are likely to end up with less competitive employees in the long run because motivated employees would not find enough juice for them in the organization and employees with inadequate motivation and higher need for personal gratification would only stay. Herzberg's two factor theory had already classified the first two needs of Maslow's Needs Hierarchy as maintenance factors.

Focusing on employees' personal needs is crucial but has limitations. It only helps to improve employee gratification but does not motivate them. To motivate an employee, it entails inculcating the purpose, sense of responsibility, passion, enthusiasm and commitment to the organizational mission and goals. Put it differently, higher pay can fulfill the needs but can't motivate: Employees personality has to be groomed accordingly and culture has to be aligned with the motivational virtues, as identified above.

Conclusion

Organizations may recruit, induct and retain employees by offering higher pay but would fail to engage them effectively. To engage employees, it is imperative that organizations ensure fair and competitive pay (not higher pay). Furthermore, organizations must ensure enabling leadership to help develop the purpose, sense of responsibility, passion, enthusiasm and commitment among employees. In other words, senior management must essentially demonstrate buy-in to the organizational mission and goals before the same can be trickled down. On the contrary, if the senior management over emphasizes on their personal benefits and status then employee will follow suit and it is most likely that money will eclipse real motivation.

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Morale is Complementary to Motivation

Our careers so much so volunteer occupations are a source of earning and maximizing money for many of us. Nothing is wrong in this! so long the incumbents work with responsibility, commitment and passion. Sadly however, generally incumbents can be seen more committed to their personal gratifications; show responsibility to their personal interests; and, carry passion for their hunger for the money. The effect of this dysfunctional culture is that the object of motivation is displaced from work to money, for money is the source of personal satisfaction. Consequently, incumbents divert all their energies towards maximizing their earnings with little to no regard for work and organizations beyond a personal opportunity. This reality is manifested in declining performance; low productivity; job hopping for financial gains; power politics; and last but not the least, rationalism that justifies personal needs over work and organizational interests.

When money becomes the object of motivation for us, every additional reward makes us even more complacent of our performance. As students we have motivation for good career more than to be learned and make a difference in our lives. Hence, go for study programs that guarantee us more paying jobs rather than learning subjects that are valuable and we have aptitude for it too. Similarly, as professionals we choose jobs based on potential earnings rather than matching our abilities and education, nature of work, working environment so much so that they care less of their passion and self-esteem as long as money is guaranteed. The consequence of such a displacement eventually manifests in our blind quest for money; it becomes our object of motivation. Put it differently, our motivation is to earn money, no matter how they get it. Such are the people, who practically are least motivated – *passionate, responsible and committed* - to perform at par excellence. Examples abound! It is an observed fact that when organizations in an attempt to improve on-the-job performance of their incumbents, naively however, give additional rewards. Sadly, it only adds to organizational cost, for every additional reward makes us even more hungry but does not motivate us for better performance. The famous “Two Factor” theory of Herzberg had rightly explained this modern phenomenon many years ago.

The displacement can be attributed to a number of factors. Our society recognizes us by the amount of money we make and our life style. It ignores, however, noble achievements we have and contribution if it does not make us rich. Impulsive consumerism is another important factor that puts us in a fix to make more and more money. Thus, we have basis to say that we chase more money as a response to society’s recognition and to meet the compelling desires emanating from impulsive consumerism. Finally, when our faith on next life and final judgement is shaken money becomes our ultimate source of success hence purpose.

The situation described above has become even more obscure as the meaning of “Work Motivation” is practically distorted. So much so that now it is widely considered synonymous with “Morale”. Paradoxically, organizations are worried for declining performances and low productivity of their incumbents but rather wrongly attempt to address the problem by infusing higher morale and thinking as if they are motivating; Morale is a state of consonance that incumbents experience in a particular situation. It is reflected in the form of enthusiasm, hopefulness, energy, and happiness. Whereas motivation is an urge to excel.

Evidences suggest that morale is complimentary not compensatory to motivation. Having said this, higher morale is equally critical for incumbents to bear the brunt of work-life challenges with sustained energy and courage, however, in the absence of work-motivation their morale help them to focus more dedicatedly on pursuing their personal gratifications instead of work and organizational goals: Competing for greater financial rewards, perks and benefits, job titles and status, comforts and conveniences, authority, etc.

Early theorists established direct relationship of human needs with work motivation. They argued that optimal fulfilment of incumbents' personal needs motivates incumbents for better performance. According to them when fulfilment of needs is made dependent on the on his job performance, there is sufficient basis to believe that the incumbents shall be encouraged or more precisely compelled to perform on-the-job. Yet, on ground we have observable evidence that even at much higher level of personal gratification, incumbents' performance and productivity remains on the lower side. Fundamentally, it is because that personal needs themselves become the object-of-motivation and the desired motivation to excel at work is effectively displaced or eclipsed. Higher level of fulfilment however, improves morale.

Perhaps it is about time to revisit work motivation. In my considered observation, work-motivation is an inner urge to excel; proactively taking responsibility and carrying passion for work. For example, "Prophets (pbut) disseminated the divine guidance among their disciples in return for no reward from them – *money, status, favors, etc*. Instead, they were motivated by the power of their divine purpose – *save the humanity* – and sense of responsibility to All Mighty Allah". One may argue that Prophets (pbut) were of a higher status than a common man. For them here is this example of a common man, "During the construction of famous Taj Mahal, there were couple of laborers cutting stone. A man stopped by and asked to each of them, "What were they doing?" The first one replied, "cutting stones"; second one replied, "building Taj Mahal"; and third one replied, "Writing history". In short, all of them were working with a different purpose in focus. Hence, their motivation was accordingly different, yet interestingly they all were paid equally. The one who knew what he was doing was going to be a prominent part of history was most responsible, committed and passionate about doing his job. We may draw this lesson from the two situations cited above, that if the purpose is legitimate and meaningful it will inculcate sense of responsibility and commitment.

Passion is an equally critical element of motivation. If a person does not have passion to do something, he or she may never be motivated to do it right. For example, "There was this artist who was famous of making statues. Once he was making a replica of his big sized statue, right next to the old one. Everyone passing by were getting inquisitive as to why he was making a same statue at the same place. A person could not resist and asked him this question. What he had to reply literally amazed the person; he said, "I am going to replace the old one because it is chipped off from the nose. The person said why are you bothered none can notice this. He replied so what, I know it is chipped off". One may notice a strong passion in him that is motivating him to perfectionism.

Conclusion

Incumbents should demonstrate high morale as well as constructive work-motivation to deliver sustained performance and higher productivity. We know that morale compliments motivation. However, in the absence of work-motivation morale alone back fires. Having said this, organizations need to apply holistic interventions to secure performance excellence and higher productivity. The holistic interventions would entail multiple initiatives: Maintaining incumbents' satisfaction to the optimum and containing dissatisfaction to the minimum would keep the morale high; and, by harnessing work-motivation i.e. passion, sense of responsibility and commitment through clarifying purpose behind the work – *showing a bigger picture* – and promoting the positive virtues and values. Last, stop relying on pep-talks to build motivation, it only has a mesmerizing effect on morale in the immediate scenario, for unfortunately much of it is rhetoric.

When *SMART* People Fail to Perform

Often times, even "Smart" people fail to perform in the real world of work. Let us unravel a few major causes of this problem and find its remedies. Naively, some managers think that performance has a cause-effect relationship with the employees' capacity. In reality, performance is an outcome of complex factors and their abstract interaction. A famous author, Stephen R. Covey, pointed out that employee's performance depends 80% on the effectiveness of the organization system and 20% on his own capacity. Presence of 80:20 effect may not prove right in all sorts of situations. Nevertheless, as we know that employees respond to their immediate work environment, we can conclude that organizational system has a dominating role in managing employees' performance.

Let us analyze different performance inhibitors within the permeable boundaries of organizational system and how does each of them deter performance; -

a. Hiring Process – We usually take for granted that if we hire a person with the right capacity, his performance will be guaranteed. Hence, organizations often attempt to select best of the best candidate. However, they fail to give attention to the compatibility of candidates with organizational work culture; given resources; and, most importantly potentials to satisfy employees' needs and expectations. Consequently, as organizations are constrained by their environment and resources to satisfy diverse wish list of their employees, they fail to unleash employees' work potentials.

b. Structure – There have been instances of organizational chaos whereby employees are restrained to perform. Such as; job responsibilities are not clearly defined, which often times lead to uncertainty of what is expected from the employees. There are real life instances where employees are not given any job description hence, they standby for the surprises from their managers in respect of what to do next. At times employees are not adequately empowered i.e. given sufficient control and even ownership of their tasks. Examples abound; in a typical hierarchical setup where the juniors are required to articulate a report or a letter on their own but they cannot sign it nor own it. Likewise, it is common that employees are neither given complete information nor shown a bigger picture hence, they work blindly. Too many reporting relationships also constrain the employee to focus in one direction. Last but not the least, some structures encourage internal competition, which displaces employees' attention from work to politics.

c. Status Incongruence – Employees' inter-relationships and coordination are restrained as organizations over emphasize ranks and status of individual employees across the hierarchy. This is often manifested in communication protocol and participative decision making; people senior in ranks usually prevail over their juniors and top down communication is the only legitimate channel. Similarly, rewards and appreciation are applied based on ranks not on contribution values. A junior may be more technically capable to control the task is not just denied the reward commensurate to his contribution but his or her morale, self-esteem and confidence are also damaged by keeping him or her in forced supervision.

d. Morale & Motivation – Both factors are complementary to each other and equally necessary to help employees perform. Ironically, there is a general misnomer that higher satisfaction would improve

motivation. The truth is that satisfaction affects morale and esprit-de-corps i.e. a feeling of accomplishment and mutual loyalty shared by the members of a group. Although generally believed, it does not cause motivation. Motivation is about ownership of responsibility, commitment and passion, which is primarily the outcome of one's morality and attitude. Guaranteed satisfaction in the absence of work motivation can cause complacency among employees.

e. Denial to Learning – Employees are denied learning; hence they fail to keep up their performance over time. Employees are not encouraged to think out of box solutions, introduce any innovation at work, put new learning, if any, on the job. On the other hand, employees are denied job enlargement or enrichment, exposure to different work positions, etc. All these contribute in burning out the capacities of an employee.

f. Unwarranted Expectations – Many a times employees are either directly demanded or put in a situation which entails certain unethical, immoral and even unlawful actions. Obviously, in such situations average employees feel threatened, take a back seat and decide to withdraw from the work.

g. Favoritism – It is about giving undue support to blue-eyed employees. As a natural consequence, other employees, however smart they may be, are ignored so much so that they are not given front line responsibilities. This on one hand causes lowering of employees' morale and self-esteem and on the other hand override the well-established principle of "right person on the right job." The result is employees' focus displaced from constructive contributions to dysfunctional lobbying and networking for their personal gratification. Consequently, group's productivity is contained to the minimum.

h. Theory 'X' syndrome – Most probably as a critical parental attitude and sometimes to overcome their inferiority complex, managers feel secure in managing their junior employees from theory 'X' perspective: Being critical on employees' potentials, denying or barring their thinking process, and deliberately undermining their achievements. In this situation, even highly capable employees are restrained to perform. They would rather find ways to avoid undue criticism from their seniors and would reduce their work participation to the minimal.

i. Group politics – Parallel to organization's interests are the interests of employees, which often come first. Unless employees' interests are harmonized with the organizational system, in simple words made directly contingent on organizational interests, detract employees' energy towards their personal interests. Even more sadly, as different employee-groups represent rather conflicting interests the groups struggle to dominate over the other. This political process on one hand pushes organizational interests at the back burner and on the other hand promotes competing [win-lose] culture among employees.

j. Uncertainty – It is our nature that we perform at our best when the permeable conditions are in order and certain and vice versa. It has two dimensions; firstly, whether work proceeds in order and as planned or chaos prevails. Secondly, whether the organization's future is projected as secure and progressive or uncertain. When the work is done in order and the organization is seen as progressive, employees tend to feel confident and are able to perform. But when chaos and uncertainty prevail, employees fail to focus on their performance.

k. **Harassment** – When the managers illegitimately threaten and exploit their employees either as a tactics to get extra performance or to secure their personal interests is work harassment. Such practices when continued on sustained basis, causes wide level dissatisfaction and psychological or even physical withdrawal of employees.

l. **Peer-to-Peer Biases*** – Little attention is given to how people communicate with each other on an interpersonal level. Whether across ranks or laterally. Stereotyping and other sort of biases are ignored which is discouraging for employees, sensitive to such behaviors and may not be able to raise their voice for fear of being ridiculed further. Jokes on ethnicity, someone's martial choices or personal life situations, physical features etc. are common examples. Such a condition if continues leads to demoralization and alienation of the employees, which is manifested in their reduced work participation.

Self-Assessment

Different work situations in which we all have had worked posed different set of performance inhibitors. However, some are common among most of the work situation, while others are present in specific work situations.

Please rate the inhibiters listed below, on a scale of commonly encountered [3]; often encountered [2]; and, rarely encountered [1]. Check either one that represents your situation most.

Performance Inhibitors	Commonly encountered [3]	Often encountered [2]	Rarely encountered [1]
Hiring Process			
Structure			
Status Incongruence			
Morale & Motivation			
Denial to Learning			
Unwarranted Expectations			
Favoritism			
Theory 'X' syndrome			
Group politics			
Uncertainty			
Harassment			
Peer-to-Peer Biases			

**Courtesy Mariam Durrani Zaheer, Senior Brand Specialist / Certified Board Director*

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Empowerment: Cliché or Reality

A "MAN" with no empowerment is more worrisome than a "WOMAN"! You must have taken me wrong: I never said that a man with no empowerment is worse than a woman. MAN is a person who has **m**oney, **a**uthority to spend it and a **n**eed. WOMAN is a person **w**ith**o**ut MAN. A women and man both can fit in the situations.

What we often hear and talk about empowerment is having money (resources) authority (decision making) and need (making choices). In fact, it is a cliché or a misnomer. This sort of understanding of empowerment leads to general acceptability of certain dysfunctional practices, like: If a person has earned money with hard work then s/he has the right to spend it, invest it or waste it. Likewise, if a person has authority then no questions will be asked and finally choices are neither right nor wrong but what one decides for him or her.

Empowerment in reality however means beliefs and values (wisdom) and the ability that makes possible judicious use of resources, authority and choices. Thus, empowering is a process of grooming a holistic personality. Common characteristics of an empowered personality are as follows:

a. Psychological independence
b. Emotional maturity (intelligence)
c. Beliefs and values
d. Vision and focus
e. Integrity

Empowerment in our Society

Evidence suggests that discrimination prevails in our society on a number of bases, namely; gender, socio economic status, ethnic background, etc. In short empowerment based on the universal premise of equitability and merit is very much nonexistent. Instead it is the prerogative of a powerful. The dysfunctional outcomes are visible: Challenged justice, inequitable distribution of resources, authority abuse and of all the self-proclaimed extremism all leading to wide spread dissatisfaction, poverty, and exploitation by the powerful.

Ironically the so empowered whosoever they may be, are least empowered in reality. They lack psychological independence from their ego, host of inferiority complexes, fear and above all external pressures. Emotions prevail in their decisions to the dysfunctional level. Beliefs and values are predominantly "We and they", not based on equality. Have short term visions without much focus. Integrity is a compulsion for weak and poor. Consequently, as a society as well as an individual we are poor, unprogressive and have competing rivalries within. Much we talk about higher values, merit and progress is rhetorical. We are not going to go anywhere unless we change our mindsets. As Allah says in Quran, "I do not change the condition (for better) unless people change what is in their Heart (beliefs and attitude)".

Do Leaders Empower or Hijack their Followers?

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Progressive societies have their foundation on the empowering culture. Continuous correction and improvement entail conviction in doing things better to make better things; critical thinking; building clearer perspectives; acting pragmatically; volunteering discipline; and, living the faith. In short, individuals in a progressive society analyze and act in their situations, opportunities and challenges from a realistic perspective while others act blindly or ritualistically. Here it is pertinent to recollect the noble saying of the Prophet Muhammad ﷺ during the last sermon: He said, "What I am telling you (today), convey this to people who will come later, they may understand it better". In a way by the will of Allah, he made it incumbent upon each of us to develop ourselves to the level where we are able to understand and form independent opinions. Furthermore, by the will of Allah he encouraged to practice evidence based *Ijtehad* so that innovative solutions are discovered for unfamiliar challenges, within the fundamental premise of Islam. This is another evidence of his empowerment-driven leadership.

It is for the fact that societies and individuals are guided by their leaders: Individuals' thinking and perspectives are greatly shaped by their parents, teachers, bosses at work, religious gurus and last but not the least political and social heroes. Hence the significance of empowering leadership can never be over emphasized. Put it differently, good leadership leads to good society and defective leadership will lead to defective society. Prophet Ibrahim ﷺ, Prophet Moses ﷺ, Prophet Jesus ﷺ and Prophet Muhammad ﷺ and their forefathers in prophet hood *PBUT* set forth glaring examples of empowering the minds of their disciples so much so that they are able to lead in religion even today. Similar examples abound of the leadership which led their people into a great nation, such as Sultanate-e- Osmania; modern Europe; Turkey, Japan; China; and, many more.

Interestingly, leadership does not exist in isolation. Leadership is the function of coexistence of a leader and followers. Having said this, the relationship between a leader and his or her followers is of great importance. A perfect relationship is forged between the two when both have trust on each other and maintain *adult-to-adult* communication: "I am OK, you are OK". Here the leader instead of duplicating his thinking (perspective) develops the skill of his followers to analyze and think on their own to act pragmatically, however the leader provides yardstick to judge right and wrong.

On the other hand, if either tries to control the other's thinking and perspective, the relationship turns into something else. Examples abound in politics, at work place, in a social setting and religion of leaders controlling the thinking of their followers. Put it differently, both in the history and in modern age leaders have hijacked the minds of their followers so much so that they turned blind eye to the reality and became robotic in their thinking and actions, irrespective of their intellectual acumen. Leaders do this by artificially creating a Halo-effect sometimes directly or indirectly inhabiting thinking of their followers; controlling information and resources; abusing their authority; etc.

The outcomes of both types of leadership are dramatically different. In case of the first category of leaders, the empowering leaders, followers tend to develop a pragmatic view of the world; they become self-directed; self-disciplined; and, progressive in the right direction. Allah says in Quran, "My slaves do not

follow my guidance blindfolded but they ponder on it (with a conviction to understand the rationale) before following it". In case of latter type of leadership, the hijacking-leaders, followers think from their leader's mind, closing their own. Thus, become less pragmatic and instead of being self-directed and self-disciplined their actions are remotely controlled externally by their leaders. Such are the people who can never change their condition for better.

Leadership from a Different Perspective

A critical analysis

Leadership, especially in the organizational set-up, has been focus of interest of both academicians and practicing managers for a long time. Conventionally, leadership is a personality driven concept. Individuals are considered instrumental in bringing the difference in the lives of other people and organizations. The emerging concept of leadership, however, is that it is a culture of managing modern businesses, be it a commercial enterprise, public service institution or not-for-profit entity. Furthermore, leadership has since long been considered a sub-system of management that deals with people in the workplace. This was perhaps because of the fact that the concept of leadership was originally derived from the field of politics. Consequently, it was defined as a variant of managing or supervising subordinates per se and it became more of a status symbol to reflect position of individuals along the organizational echelons. Subjectivity and personification of the leaders became the focus of attention for most of the researchers as well as organizational managers.

Ironically, all this led to coining of a new title for managers and supervisors as leaders but resulted in no synergy in the work place, for they remained narrowly confined to managing (controlling to be exact) people and their actions, respectively, which although led to specific actions but the organizational impact was still missing. This was because of the fact that people and their actions were managed as an end in itself. For instance, the emerging performance culture in many organizations has only been effective in creating the façade. Real and sustainable benefits for the organization remain distant goals. Sub-prime mortgage tsunami in the US is a prominent example of such a scenario. Similarly, the change initiatives in Pakistani financial sector are no exception, as still the service standards are far from the expected. Like-wise, the yawning non-performing financial assets of banks in general are clear evidence to this fact. Many similar scenarios abound globally.

Leadership in Perspective

Personified leadership refers to dependence on a single person as the savior for all. This type of leadership can have many manifestations in the world of work in particular, and in the society in general. Most interesting one is Charismatic-leader- ship. These persons are considered to command strong followership mainly because of their personality charisma: extra ordinary [inspirational] physical personality, humility, attire, etc. Besides, amongst other extraordinary achievers who enjoy leadership status include philanthropists, social workers, celebrities, public figures, etc. Stature-based leaders also avail of the status of leaders by default such as feudal lords and their descendants, political icons and their close aides. The stature-based leaders in particular are the ones who are known as born leaders, for they need not do much for becoming leaders. Another very significant type of personified leadership is of fabricated leaders. These are the individuals identified as potential leaders by an outsider group, which then promotes them as leaders and thereby leverages their leadership for accomplishing their specific agenda. Quite a few political leaders fall under this category. It is a common practice of established political parties around the world to continually fabricate new leaders, for this provides them perpetuity while conforming to the needs and expectations of change by the general public. Ironically, sometimes these fabricated leaders are installed

by an external group as their instruments to intervene in the policies and decision-making processes of another nation or organization, for gaining extraordinary advantage.

Another conventional view of leadership is that it is an alternate to managing [manager]. Some, however, consider leading and managing as complimentary to each other meaning thereby that all managers are essentially leaders in one way or the other, for they lead people and manage their performances. As we look at leadership in this context it includes all sorts of personified leaderships, such as; social entrepreneurs, political icons, public administrators, business executives, and teachers, etc. We find one commonality amongst all of them: they all lead people in a particular direction. This follows that leadership is about organizing, coaching, and motivating people in almost every walk of life.

In nutshell, a typical personified leader is generally single person (probably the most favored follower of his or her predecessor-leader) above the rest. It is more of a status usually associated with one's position within the organizational echelons. Ironically, personified leader either has a self-proclaimed status or the one perceived by its followers. Moreover, personified leader has more of a people mobilization role. Theoretically, personified leader influences followers for optimal productivity. But in most of the situations, followers control the strings of the leader.

Transformational leadership is rather an emerging concept. Here the leadership is referred to as organizational culture. It essentially focuses on organizational transformation. It follows that leadership in the emerging context is all about synergizing work groups [people], organizations, systems and the immediate environment, etc. Put it differently, leadership is about changing for better; implementing the change, and, acknowledging [celebrating] the accomplishments. Thus, in comparison to the conventional perspectives, it is relatively more holistic in its scope and pragmatic in its implications. It considers leadership not as a position or personality but as an organizational culture that every individual must live by within his or her permeable domains and its implications are organization wide – strategic, operational and interpersonal.

Leadership Concept Revisited

In this backdrop, the need was felt to revisit leadership from a holistic perspective. This led to the initial point of departure from leaders as a personified concept to leadership as a process concept. Having said this, it was further established that for a leadership, focus should shift from a singular people management to overall organizational management, which shall include strategic orientation, operational orientation and the people orientation. In other words, the leadership concept should encompass strategic, operational and people management as means to continually reforming organizations. Secondly, it is imperative that the leadership process must replace conventional management processes at all levels, which provides basis for introducing leadership as a superior work culture, where every individual demonstrates requisite leadership orientation irrespective of his or her location and status in the work organization. Thus, in nutshell it advocates replacement of personified leaders with a wide spread leadership culture across the work organization.

Myths and Realities

- ✓ Leadership is no magic – it is a reality of modern management system geared to accomplishing in dynamic environments
- ✓ Leadership is not mundane people management – it is about continually reforming the enterprise performance and people achievements to newer heights
- ✓ Leadership is no more a status – it is a process that exists at all levels in a successful enterprise
- ✓ Leadership is not a choice – it is the key to sustaining the present and securing the future
- ✓ Leadership effectiveness is no more person or position dependent – it is a complex function of competencies, roles, focus and interactions across the organization

Having said so, transformational leadership is a culture per se – set of shared values, habits, and behaviors of employees across the organization. This leadership culture helps the organizations and the people to be creative in finding innovative solutions that help reduce response time to the changing patterns of business requirements of today; and, continually improve process efficiencies and people achievements paradigmatically. Thus, we can say, in the modern times "Leadership Culture" enhances the organizational ability to transform itself (and the performance of people) to newer heights. Hence it is critical for success and sustainability in today's fast improving world.

The Framework

Transformational-leadership-framework provides a realistic basis in the organizational setting for a systematic analysis of leadership as a process. To begin with, this framework proposes a conceptual paradigm shift from personified-leader to the leadership-culture. Hence, it envisages a much broader implication. Precisely, it is about leading the organization in entirety. Teaming up and interacting with people, however, is but one dimension to it. Strategic and operating dimensions are equally significant too. Transformational leadership promotes a culture of do-it-right. As one can observe, it acknowledges the significance of leadership competencies as the basis. But it rejects the concept of personified leader as advocated by the conventional theorists. In simple words, leadership is more of a way of working in an organization that every individual member should essentially subscribe to instead of searching for the right person who would come and lead [turn around] the organization.

Universal Leadership Skills

"Power-to-Lead" is the foremost skill. It has a focus on individuals' readiness to conduct him or herself in a leadership role and prepares the individual to face the strategic and day-to-day challenges with courage and hope. It has several dimensions, such as conviction, motivation, and moral integrity.

"Empowerment" is the second competence in sequence. It also has focus on the individuals' self-management ability. Its dimensions are: discipline, responsibility, and emotional power.

"Horizon" is the next critical leadership competence. It has a focus on the individuals' ability to see opportunities and challenges beyond the present and beyond the obvious. In other words, it is an ability to

understand the relationship between discrete present and cloudy future. It considers dimensions, like vision, focus, and sense of direction.

"Social" competence is no less important. It has a focus on the individuals' ability to work and interact with other people. Its dimensions include: team-player, role-model, moderator.

"Management" competence refers to an individual's ability to control the business activity and/or process in an efficient and effective fashion. It has dimensions such as attention to details, systems thinking, and managing change.

Conclusion

Personified leadership analysis was limiting the horizon of leadership development in organizational setup, particularly, primarily because personified leadership predominantly assumes that leadership is an innate characteristic [leaders are born], sometimes explicitly and sometimes implicitly, hence it cannot be developed institutionally. Furthermore, it considers the relationship between leader's personality and performance as that of "cause and effect" and totally ignores the leadership competencies and the context [transient dynamics] in which employees operate, such as vision and focus, attitude, style and skills and knowledge; and, the process, teamwork [group work], and the permeable environment, respectively.

Interestingly, the transformation leadership perspective has enabled rather pragmatic analysis of leadership scope and implications, yet the personified leadership perspectives still hold reasonable grounds when considered in conjunction with other factors as well but fail to do so as a solo factor, as was considered in the initial days. Transformational leadership, in fact, does not substitute but compliments the personified leadership perspective by broadening the scope of leadership analysis. It puts leadership at the center instead of leader [or his personality] as is the case of the former perspective. The significance of leaders' personality, however, has shifted from physical to competency orientation such as; socio-moral values, integrity & honesty, behaviors and habits, and last but not the least, cognitive characteristics. It argues that organization's and group's effectiveness is a complex function of leadership culture and the work context. Hence, the chances of success can be positively altered through institutional interventions, such as; by modifying leadership culture through training and development programs and reshaping the organizational context.

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Belief: A critical constituent in harnessing Work Behaviors?

Knowing is simply being aware of something and believing is a state of conviction on what we know. "Knowing" and "Believing" have different implications. The former has no to little relationship with actions while the latter has a direct relationship with actions.

The Noble Quran speaks of three dimensions of "Believing"

1. *Haq-ul-Yaqeen: While no one denies the truth, but only those who accept it develop faith (belief) on it. For example, it is a fact that certain actions are right and certain are wrong. While everyone knows only those who believe are the ones who practice.*
2. *Ilm-ul-Yaqeen: While we get lots of knowledge from our environment, only when we accept it, we act upon it. For example, we would not deny the need for integrity yet we often fail to say no to corruption until we have faith on what we know.*
3. *Aain-ul-Yaqeen: Sometimes we know what is right but sill we keep denying it until we witness it with in real with our eyes. Ironically, at this point it is equal if one denies or accepts. No time left to act. For example, a business continues to indulge in illegitimate practices without fear until one day it is caught and disbanded.*

A person driving in the middle of the night would instinctively stop at Red-Light, while some may not bother Red-Light even in day time. A similar pattern is observed in devout persons, who practice religion in the letter and spirit without any pressure from outside. This brings up a question of why so, especially when there are no carrots and sticks. One factor is common among the compliant and non-compliant individuals, which is knowledge: they right and wrong. However, the one who abides has strong belief on the rationality of the action, while the other does not have the belief. Hence, we have basis to contemplate that "Belief" is the key to put knowledge into practice: Believing in the underlying rationale (or cause) is critical in shaping our upright behavior and instilling sense of responsibility. Knowledge, skills, reinforcements in the permeable environment etc. are secondary to the belief. Put it differently, knowledge, skills and the reinforcements would only matter when a person believes in the rationality of a target behavior. The theoretical premise of this framework is taken from the concept of "***Haq-ul-Yaqeen***", "***Ilm-ul-Yaqeen***" and "***Aain-ul-Yaqeen***" explained in the Noble Quran.

The phenomenon discussed above is also valid for work place behaviors. Jobs have become highly competitive and demanding over the years: ever rising business targets, compliance to multiple regulations and job standards, complex decision making, problem solving, innovation, coordination, teamwork and last but not the least managing continuous change. To survive as an individual and to give substantive output on the job one has to do his or her job whole heartedly and in verbatim. Having said this let us now see how "Belief" factor contributes in harnessing positive work behaviors.

Work behaviors have two broad manifestations, namely; individual-behavior and group-behavior. Individual-behavior encompasses tasks (activities) that employees are expected to execute individually like writing a report, handling customers, etc. Group behavior covers tasks (activities) like coordination, cooperation, team work, etc.

Individual Behavior and the Belief

Indeed, knowing the job and having a vision and requisite job skills are necessary to execute the job. However, having conviction on the rationality of the work is even more critical than the former for effective work behavior. Without the positive belief work behaviors remain shallow and minimal and often substance

in terms of output. The beliefs such as, it is my job to do it; I should take responsibility; I should do it in the right way; etc. are a few examples. Such a belief system instills self-regulation, intrinsic motivation and reinforces passion among individuals.

Interpersonal skills, communication, sensitivity, leadership, teamwork are the fundamental skills one needs to work in a group setting. Nevertheless, once again belief is at the core of group behavior. Again, absence of the positive belief, work behaviors often conflict with the spirit of team work and cooperation. Important beliefs concerning group behavior are as follows, compassion; alone I am not capable of doing it unless I cooperate with others; we all have different roles but have equal status and rights; etc. Such a belief system instills group spirit, cooperation, and win-win culture, etc.

Change management and the Belief

Finally, the world has recognized innovation and change as a survival process for individuals and organizations. Now-a-days almost every organization experience change, however, on different levels per their requirements. Whatever the case may be, organizations spend humongous amounts of their resources on change management programs. Nevertheless, good programs result in organizational success, few of the programs prove a total failure at the end and some of the programs are abandoned half-way. Issues like program direction, design and budgetary constraints are often some visible factors that contribute in the failure or pre-mature closure of the programs. However, lack of positive response from the stakeholders (employees) is at the root of all problems. Here the question is why people do not respond positively? The primary factor is that they fail to believe in the rationality of change. Other factors include conflict of their interests with that of organization, lack of clarity and understanding of the change management program, skills gaps, etc. In a typical change management scenario following beliefs are productive: Change is the way of a successful life, change is the right way to continue improving, etc.

Generally, stakeholders (employees) are not ready to accept the change as they are not clear on the rationality behind the change. In response to this stereotype behavior, organizations often use their legitimate authority to impose change. It does more damage than benefit to the program, though. Some organizations recognize the importance of harnessing the belief through educating people about the rationality of the program however, the scope remains limited.

Conclusion

Attempt is made to unravel the significance of belief system in harnessing positive work behaviors. It is contemplated that although knowledge, skills and the environment are necessary but it is the belief that is responsible to encourage work behaviors in the letter and spirit. Individuals will not put in whole of their abilities or take responsibility at work without strong belief in the rationality of work they do. Similarly, group members will fail to work coordinately and cooperatively in the group without believing in the rationality of team work. Likewise, stakeholders will fail to accept the change and will resist to their utmost level unless they develop belief on the change rationale. It is ironical that while organizations tend to overcome the behavioral challenges at the individual and group level using carrot and stick however, the result is minimal and time bound. Even awareness sessions and culture change program fail in harnessing

the behaviors optimally. The answer is simple organizations often ignore to inculcate the “Belief”. Though inculcating the belief is difficult but pivotal.

To suggest a few approaches to instill belief, these would require followings:

a. Make employees (individuals and groups) conscientious of their responsibility
b. De-incentivize output and while reinforcing conscientious behavior
c. Demonstrate strong belief and its application at the top level

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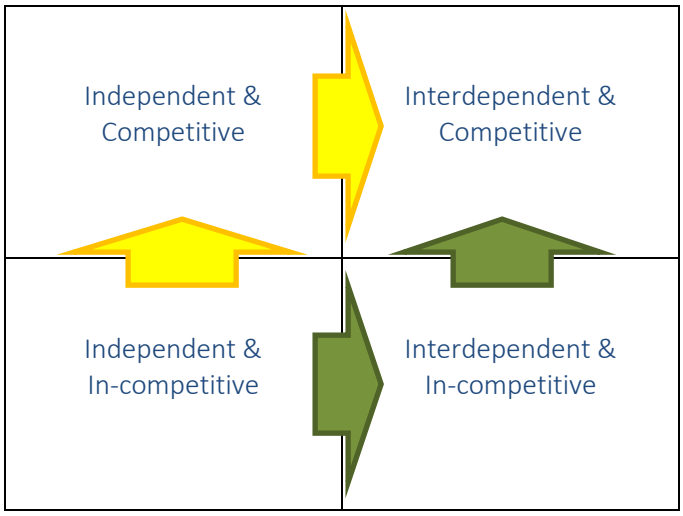
Sohailuddin Alavi (July – August 2019) Journal of the Institute of Bankers Pakistan.

Transforming Competing Individuals into a Competitive Group

An Evolutionary Approach to Capacity Building



Key Words:

- Competitive – Commitment coupled with capacity to continually strive to excel / improve
- Interdependent – *Assertive mindset leading to cooperative behavior* – Enabling each other to excel / improve. Together improving holistically!!!!
- In competitive – Desire to achieve* more without capacity to excel / improve
- Independent – *Aggressive mindset leading to competing behavior* – It undermines others rights with a strong belief that one has the right to win over others. Put it differently it encourages eliminating others

Building Constructive Competitiveness:

The above paradigm suggests an evolutionary approach to group competitiveness. This approach provides an objective basis to transform competing individuals to a competitive group.

ALLAH Al Mighty guided us through HIS prophets to help each other in good deeds. Nevertheless, the word "competing" has become so much of rhetoric these days that we all buy into it blindly, without taking cognizance of its destructive nature. While the former synergizes individual's efforts into bigger group accomplishments, the latter destroys value through de-synergizing group accomplishments via nullifying individuals' efforts.

The paradigm consists of four quadrants, each have varied effect on group competitiveness:

- Independent & In-competitive quadrant represents individuals who operate from aggressive orientation. However, have no to very little commitment and capacity to deliver value. These individuals end up competing for personal goals only to nullify each other's' efforts. A good example is a group of independent players not having commitment and capacity to excel in the field. So, they end up competing internally while mostly losing the game to the opponents. Similar examples abound in the organization scenarios.
- Interdependent & Competitive quadrant represents individuals who operate from cooperative orientation and have higher commitment & capacity to deliver value. These individuals demonstrate potentials to synergize each other's efforts into optimal group performance. A group of individual football players, each being champion in his respective position, play together in a complimenting fashion to win the game is an exact example. Similar examples abound in work organizations, transforming the organizations in to high value financial entities.
- The other two quadrants represent transitory stage from the first to the fourth quadrant and also identify the two alternate routes to the transition. The Interdependent & In-competitive quadrant suggests that as a first step the individuals have adopted interdependent behavior. Now as a second step they need to build higher commitment and professional capacity to deliver value. The alternate route to reaching the fourth quadrant is that individuals as a first step build their commitment and capacity to deliver value. As a second step they move from independent to interdependent behavior.

Conclusion

Building capacities for creating high value impact requires rigorous efforts to continually inculcating professional commitment and capacity, and the team building. Ironically, at times organizations assume that college education and past experience has already built the commitment and capacity, so they invest in team building alone. Some organizations on the other hand that are overly structured along the hierarchies fail to recognize the need for team building *per se*. Consequently, the impact of capacity building is reduced to rhetoric and the investment goes down the drain.

Sohailuddin Alavi (July – Sept 2016) Journal of the Institute of Bankers Pakistan.

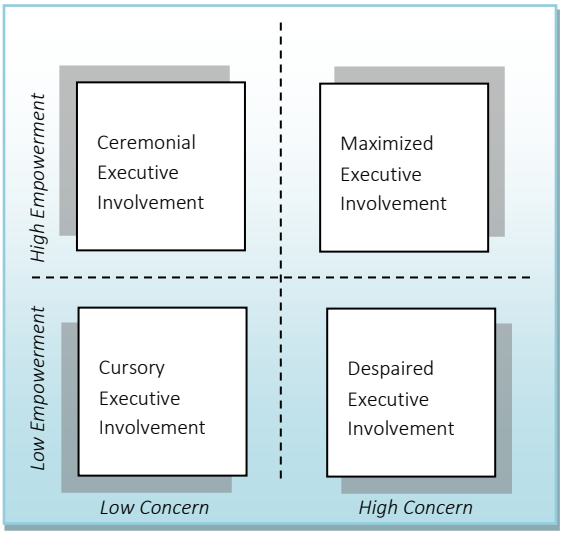
Harnessing the Frontiers of Executive Productivity

The contemporary world of work characterizes newer opportunities; ambiguous situations; and, unending challenges at every corner. Attaining synergy in the corporate performance demands responding to the emerging opportunities; challenges; and, situations innovatively yet from a unified orientation. Centralized decision making and control could be a solution but not practical in modern day complex and dispersed organizations. Firstly, narrower specialization has made it difficult to impossible for one person to be master of all. Secondly, dispersed scenario makes persons at the core less sensitive of the situation prevailing at the sharp end. Thirdly, speed of response is critical while centralized decision making is bound to be less efficient. Finally, it fails to infuse ownership and commitment of all the stakeholders. As an alternate, empowering everyone would allow each employee to own and execute his or her unique task innovatively yet from a unified orientation as each of them would have shared sense of organizational directions; clarity of their respective roles (value they should create) in a task and the responsibility vis-à-vis others; have the requisite skills and adequate autonomy

Surprisingly yet often brilliant executives fail to do simple tasks well. Even more surprisingly, at times mediocre executives give breakthrough performances. You must have noticed the phenomena at your work with so many executives. If not, then probably you are ignorant of the people around you. Administrators and supervisors keep asking; why so? Most commonly, they explain the problem either as inadequate motivation or lack of professional commitment. If they only take a broader view of it, they would surely be able to unravel the real problem. This article presents a broader analysis of the phenomena with a view to aid both the executives and their administrators harness executive performance frontiers to newer heights.

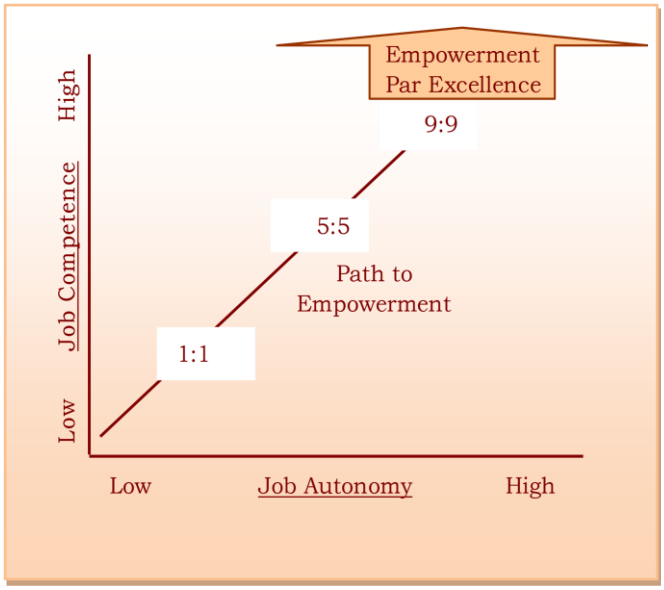
To begin with, let us explore the significance of executives' productive and unproductive performances in the real world of work. The most common justification of executive compensation is that their performance is catalyst for making others' performance productive. This follows that the detrimental effect of one single wrong decision of an executive is always geometric, for it deters otherwise productive performance of so many other employees and cumulatively it deters organizational productivity by a much greater proportion and vice versa.

The adjacent grid analyzes basis of executive involvement. The underlying assumption here is, higher the involvement higher will be the productivity and vice versa. Theoretically, executive involvement is clustered into four categories on the basis of empowerment and concern for performance. Quadrant [1] represents low empowerment and low concern. The resulting executive involvement is considered to remain cursory. Quadrant [2] represents high empowerment and low concern. It generally restricts executive involvement to the ceremonial level only. Quadrant [3] represents high



empowerment and high concern. Obviously, here executive involvement is predicted at its maximum. Quadrant [4] represents low empowerment and low concern, which leads to despaired executive involvement.

Unraveling the Concern for Performance



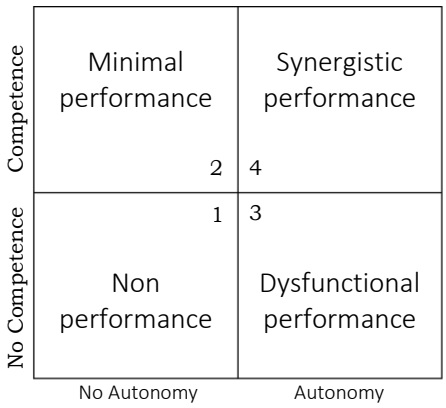
Concern for performance is much related to executive's perspective on the ownership and responsibility of a task. Whether the executive has right work attitude and motivation is the most critical question, which can provide answer to a particular executive stance on ownership and responsibility in a situation. Attitude can be described on a continuum. At one extreme it is introvert while on the other extreme it is extrovert. Here the term introvert refers to an attitude that restricts executive's ownership and responsibility only to the extent it benefits his or her own interests. Such as secure status quo and/or improve upon his or her organizational position, relationships and image. Any responsibility beyond this point is not his or her responsibility. The term extrovert refers to the opposite attitude. Here the executive values efficacy, attention to details, and fulfillment of purpose as real accomplishments rather than only personal gratification. It goes without saying that the former attitude inhabits involvement while the latter induces need for higher involvement. Motivation is second but not secondary variable that affects executive involvement. A superficial motivation that primarily controls instrumental behaviors hardly induces executive's involvement beyond personal gains or gratifications. On the contrary, harnessed motivation instills rationality in executive's perspective leading to higher degree of ownership and responsibility thus higher involvement. The concept of motivation is also discussed under empowerment as it is seen as an overarching phenomenon.

Understanding Empowerment

Empowered individuals have higher chances to make just and rational decisions and right actions. Empowering people at the work place is not synonymous to synergy but surely an essential prerequisite to instilling synergy in the work place. Let us start by exploring the truth of empowering people. Ironically misnomers and partial understanding of the term abound: Many times, it is considered as giving authority to make decisions; sometimes empowering is even considered as independence at the individual level. If we analyze the first assumption, we find that it can actually make the individual's performance chaotic and dysfunctional. How? The explanation is simple. You give a child authority to drive car: Though the child would have legitimate access to the car and might also know to drive but because he or she is still a child you can't expect safe driving. Same is true when organizations in a sincere attempt to empower their employees delegate authority to them to make decisions but they are not matured to do it. Empowering

in letter and spirit is state of employee performance when he or she fully understands the demands and repercussions of the task; possess the requisite skills to do it; and has optimal control on the process. Understanding of the context and the skills to do the task is Job-competence. Control on the process is Job-autonomy. At this point we may generalize that empowerment is a relative concept: One's demonstrated empowerment in one situation does suggest that the person is empowered for all other situations and/or tasks.

To unravel the impact of empowering on individuals'' performance let us revisit the empowerment grid. It has four quadrants, each representing different performance scenarios. Quadrant-1 represents a scenario in which the incumbent has no competence and no autonomy that leads to nonperformance. Quadrant-2 represents a scenario in which the incumbent has relevant competence but lacks autonomy. This tends to result in minimal performance. Quadrant-3 represents a scenario in which the incumbent has no competence but is given autonomy. This generally ends up causing dysfunctional



performance. Quadrant-4 represents a scenario where the incumbent demonstrates competence and has adequate autonomy. It is this scenario that promises synergistic performance. On the basis of above analysis, we can say that individuals' performance is likely to be at its best for the fact that quadrant-4 represents absolute empowerment scenario. While individuals' performance in other quadrants is compromised, dysfunctional and nonexistent for the fact that empowerment scenario is unbalanced in case of quadrant 2 and 3 and nonexistent in case of quadrant 1.

Barriers to Empowering People

1. Hierarchical Culture – All tasks are done by the boss. Every other person has no job but to assist the boss in doing his or her job.
2. Lack of shared organizational directions
3. Unclear roles and responsibilities
4. Tightly controlled job design
5. Personification
6. Self interest

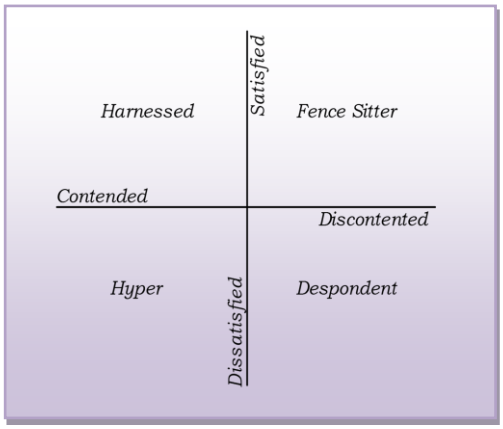
Foundations of Empowerment

Task Competence (MASK)	Task Autonomy
- Harnessed **M**otivation - Realistic **A**ttitude - Relevant **S**kills - **K**nowledge (Rationality)	- Input control - Throughput control - Output control

Task Competence Analysis

Competence *per se* is the ability to execute a particular task in particular situation. Thus, the concept of competence is relative: an individual may have the competence to perform a task but may not have the competence to perform other tasks. For instance, and contrary to the general misnomer, an individual may have good competence to perform as sales person but if asked to manage a group of sales persons he or she is likely to fail unless has administrative competence as well. Similarly, an individual's competence to perform a task can change depending upon the context. Simply put, an individual who can execute a task in normal work conditions may not do so if the conditions change. For instance, a bank teller may be able to do his or her job quite diligently throughout the month but fails to perform when the counter is full of customers during the first week. MASK describes the contours of a task competence.

Motivation as a term is much loosely used to refer to as a generalized basis of performance or performance deficiency. However, let us define it in a narrower perspective: motivation is a manifestation of individual's set of motives that shape his or her behavior in a particular situation. The motives can be needs (and desires), values, fear, fun or even following the trend. Urge to fulfill needs (and desires) is generally considered single most common source of motivation. Going beyond the visible, we see that at many instances, people demonstrate motivation because it is their value to respond in a particular way or they simply enjoy doing it. Furthermore, people also demonstrate motivation when they decide to follow the crowd or fear of being left behind if they do not behave in a particular manner.



Unlike general misunderstanding that some are motivated and some are not, whether motivation is harnessed or not has stronger correlation with empowerment. Let us describe harnessed motivation. The motivation grid portrays four motivation types, namely; harnessed, hyper, fence sitter, and despondent. Harnessed motivation is a state of contentment and satisfaction. Here the individual's motivations are fairly rationalized and in control thus the satisfaction level remains high. Besides the individual is also able to cherish his or her past achievements that instills confidence. The relationship between harnessed motivation and empowerment is positive, for it allows individuals to make decisions rationally and act rightly. On the contrary hyper-motivation encourages self-centric and impulsive behaviors; fence-sitter and despondent generally remain hibernated leading to nonperformance.

Attitude is the spontaneous response to a situation. Put it simply it is what we do and how we do it rather instinctively. A lot of attitude depends on the perception. As a general rule, it is argued that if one maintains positive perception his or her attitude will remain positive and vice versa. The argument is valid prima-fascia, however, at times it leads to wishful thinking in reality. The Gurus of positive attitude even go the extent that positive attitude can turn impossible into possible. Whether with positive attitude one can do the impossible or not, this sort of thinking is nothing but a departure from reality. Alternatively, we can describe positive attitude as an ability to take on opportunities and challenges realistically. In other words,

positive attitude should empower individuals to take on opportunities and face challenges in an informed manner by acknowledging their responsibility for actions; separating the possible from impossible; keeping hope for better; and, last but not the least is to accept and analyze the fate (outcome) realistically. In precise terms, realistic attitude is at the core of empowerment.

Quranic Reference:
It is incumbent upon each individual (men and women) to go forth (and strive) to learn (acquire knowledge) …

Skills refer to the theoretical know how and hands on practice of performing a task. A child may feel confident to ride a bicycle by watching his elder brother riding it. Can he do it? The answer is not until he practices to do so. This follows that perhaps by observing other person one can develop know how but to perform one must also gain hands on practice. In a class room training environment, what trainees can acquire the most is know-how unless they are given the opportunity to do hands on practice. Therefore, it is important that skills training sessions must focus on building the process know how and practicing to perform.

Knowledge refers to knowing the context in which task is to be performed. There was this incident in a factory: (Quote) The production was much time bound, which many a times forces the factory administration to schedule extra shifts and overtime. However, every time extra shift or over time was planned and the employees' duties were scheduled accordingly, they resented by absconding from work. Initially the administration considered this behavior more of a disciplinary problem later, however, they invited a psychologist from outside to probe into this. The findings were amazingly different. According to the psychologist employees abscond from work during planned extra shifts and overtime because they are not given the underlying reasons and were left to assume the same on their own. Consequently, they began to consider extra shifts and overtime nothing but a whimsical practice that is meant to make workers' life difficult. As the administration started to reason with the workers every time, they had to plan an extra shift or overtime their involvement and commitment improved dramatically (Unquote). This follows that skills training does suffice alone. Individuals must be given full back ground of the task. Such as, how this task is connected to the over business goals of the organization; what is the significance of doing this task efficiently and effectively with reference to overall productivity of the department and of the organization as a whole; what are the costs and risks involved if the task is not done properly; etc. In short, developing a strategic perspective of each individual employee is critical for his or her empowerment.

Task Autonomy Analysis

Autonomy refers to the extent of control an individual has on the task execution process. As a general rule, greater the control greater will be the empowerment. Job design is pivotal in affecting the control. Control in a job can be increased by integrating the tasks forward, backward and upwards. The former technically refers to job or task enrichment (vertical expansion) while the latter refers to job or task enlargement (horizontal expansion).

Backward enrichment involves merging the input processes while forward enrichment refers to merging the next processes into the given job, thus expanding the scope and contents of the job horizontally. A good example of backward job enrichment is to add on product designing task with the existing product development task. Forward job enrichment is to add on product testing task with the existing product

development task. Allowing the person executing the job to also make decisions is an example of job enlargement. Furthermore, bigger tasks (projects) need to be split into identifiable smaller tasks (deliverables) and assigned to different individuals, allowing them to own and have reasonable control over their respective deliverables.

In an effort to instill autonomy, two considerations are important while enlarging and enriching the job. Firstly, coordination and secondly control of the overall departmental or organizational processes.

Conclusion

Empowering people is critical for attaining synergy across the department and organization. However, simply increasing the autonomy of the job alone will only create chaos. Likewise, developing the competence without giving autonomy at work creates nothing but frustration and withdrawal. A balanced approach to empowering is recommended whereby an individual's job competence and job autonomy are increased proportionately and gradually as the employee moves along the learning curve*.

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Diagnostic Approach in Human Capital Development

Human capital is generally defined in the context of employees vs. employers' relationship: The former being considered as the economic-resource owned by the latter. This version, however, ignores the very basic reality that humans are the subjects not resources, for the resources are assets owned by the entrepreneurs while a human cannot and should not be owned by another human or group of humans. It is but slavery. Put it differently, entrepreneurs do not pay to buy the employees but compensate for the value they contribute in the value creation process of their business.

While considering every single individual free from slavery, he or she has the right to progress. This is advocated in Islam since the beginning of the creation and now acknowledged by the universal democratic societies. The concept of "Human Capital" in this framework thus refers to the individuals' respective capacities developed over time, to create value (utility) in economic context. Thus, it is defined as follows:

a. Ability to perform effectively and efficiently on the job;
b. Readiness to perform effectively and efficiently in an enriched and/or enlarged job position; and,
c. Secure sustained growth in professional career

Talent Management [Development]

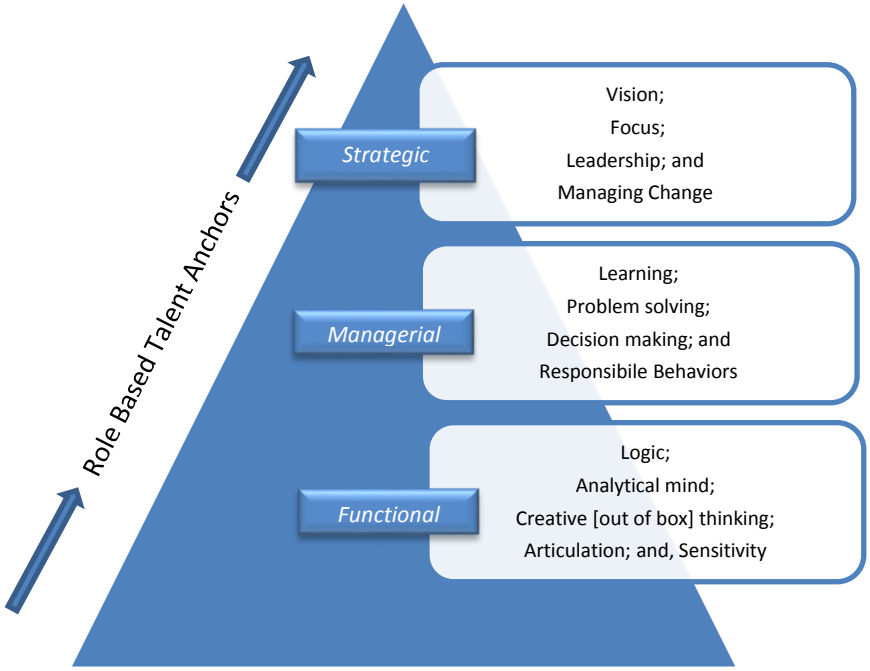
By definition, talent (or gift, or aptitude) is the skill that someone naturally has to do something that is hard – a literal definition. Put it differently, it is an ability that someone is born with. People say they are "born with a talent". It is a high degree of art or aptitude. To be precise, it is the "Wisdom" as compared to academic preparation and training. Having said this, talent is the potential (capacity) of an individual to learn, articulate and perform at par excellence, in a given context. Thus, talent provides the foundation for Human Capital Development.

Reflection: Allah Almighty had bestowed unparalleled wisdom to his prophets so they could learn, articulate and go forth to reform their nations in unprecedented manner although they were not literate before.

Talents are real or potential skills that help individuals perform at excellence. It is generally observed that each individual has a unique set of talents: some have dominant talent of dealing with difficult people, others are dominantly capable of analytical and logical tasks, and few have dominant visionary and creative capabilities. Talent is considered to be an innate inclination or potential. Here two characteristics of talent are pertinent, dominant and innate. Average persons have many talents; however, few are dominant while others are present but less dominant. Likewise, many times people are born with strong inclination/potential for a typical talent. Then if they are exposed to a favorable environment their potentials are unleased.

A set of multiple talents are needed in a work environment for an individual to excel. Through a systematic education and training interventions talents can be effectively developed over time. Having said this, talent management [development] hence refers to systematically discovering the hidden talent (potential); and, unleashing it to build capacity at par excellence. Here the key words are "potential and unleashing". The latter may also refer to harnessing. The objective of talent development is therefore to enable the individual to learn; be able to articulate; and, go forth to attain excellence in his or her life endeavors,

particularly profession and become even more productive for his or her organization. In short, it is a rigorous process that requires identification of dominant talent potentials, identifying target education and training curriculum, and implementing the development through a modular approach to build talents along an individual's career progression. Refer to the diagram below:



Talent Management is a paradigm shift from qualification based to talent (or aptitude, potential) based employee engagement, development, and placement. One should notice that education or training is neither being undermined nor discarded but has been linked to potentials. Put it differently, incumbents' talent (potentials) come first. The beginning of this shift can perhaps be attributed to publication of the book titled, "What they don't teach at Harvard". Having said this one can argue on academic, vocational and professional education as a means to unleash and harness talent but not the only basis. Learning organizations, empowering job designs, structured mentoring, systematic job exposures, etc. are equally critical in developing the talent.

Talent management has essentially shifted organizations' focus from cause effect relationship of education and performance to a more complex interplay of all-inclusive variables, some of which are already identified above. To cite a few examples of talent-based engagement of employees Steve Jobs, Bill Gates, and so many entrepreneurs around the world and in our own country merit consideration.

The prevailing development framework is based on the assumption that wisdom is a dependent variable of literacy (education). Hence to enhance wisdom we must increase the level of literacy alone. Let us first define the two words: wisdom and literacy. Wisdom, per dictionary, means pragmatic understanding; sense making; insightfulness; intelligence; and, of all balanced judgement. On the other hand, literacy is a narrower concept of ability to read and right. Having said this, literacy interventions cause duplication of

information. In absence of wisdom the information so transferred becomes static without understanding. Hence a bounded perspective is developed. Consequently, the graduates (professionals) face constraints in analyzing their situations and making good judgements that could lead to sustainable outcomes (results).

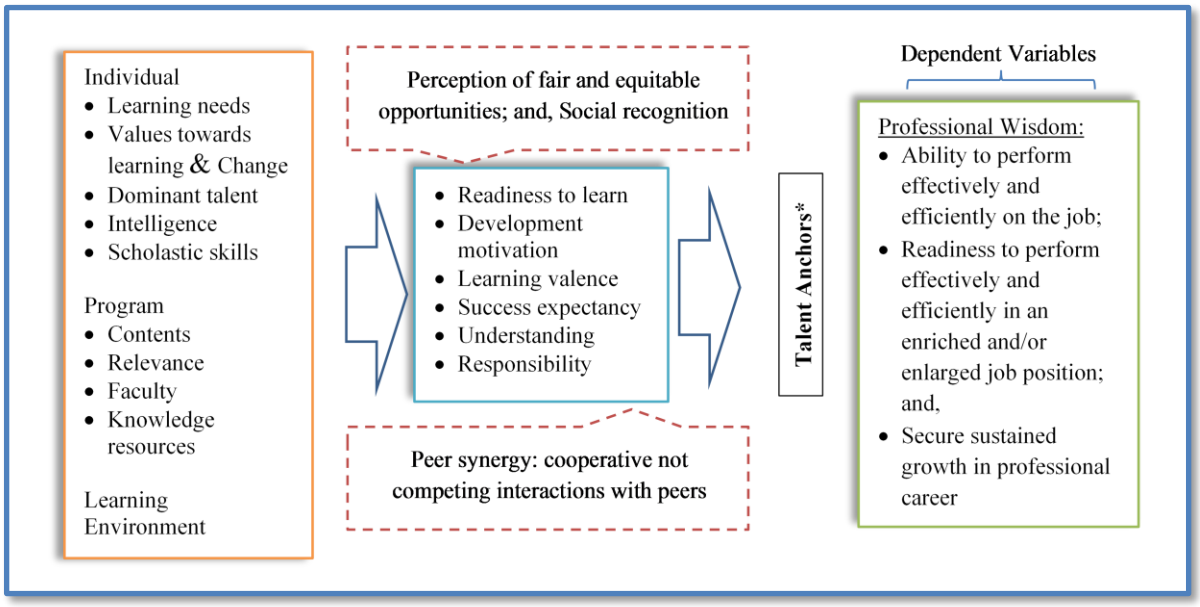
> Experience of working with International Community at an international work setting gave strength to my awakening that capacity comes from within. Our universities are producing more and more graduates in specialized disciplines but sadly the correlation of education with capability is a question mark. The contribution of the Universities is as good as of the incumbents' environment. Even some times it is found that the graduates lose sight of the pragmatic side of the opportunity or problem facing them and their work organization. Same is the case with social dimension. My statement may sound as a competing mindset of an illiterate. Nevertheless, it is considered as a starting point to revisit the human development process from branding and clout creation to the ground realities and requirements of an effective development process.

So, while they are able to conform to stereotyped perceptions, they end up making mundane analyses and solutions to the ever-changing situations: "This is how it is done so this is the standard". Doing this, the professionals focus on actions rather than outcomes. To change the situation, it is imperative to focus on building Wisdom rather than duplicating stereotype knowledge.

Theoretical Framework

The schematic diagram (below) provides a useful theoretical framework to manage (*intervene*) the capacity building process for attaining optimal efficacy of dependent variables. The talent anchors [see above] form the dependent-variables in the capacity building process. Logically our next level of inquiry is to determine the back-end variables of capacity building. It is a known fact that capacity building is a complex and abstract process. It is considered complex because the dependent-variables are a combined effect of more than single back-end variable. Back-end variables are further clustered either as intervening variables (*the perspective*) or input variables. Inadequacy or absence of any variable makes a difference.

This schematic diagram explains two-tiered influence process on the capacity building outcomes [dependent variables]. First tier refers to the input level variables comprising of Individual [learner]; Program; and, the Learning Environment. Second tier refers to the intervening level variables comprising of Readiness to learn; Development motivation; Learning valence; Success expectancy; Understanding; and, Responsibility. The relationship is considered complex because in actual the dependent variables (capacity building outcomes) are attained as a result of collective (combined) effect of input and intervening variables. Furthermore, it is difficult to isolate the marginal effect of a single variable hence the relationship is considered abstract. Complexity and abstractness are further reinforced by the recognition of other factors' influence, namely; Perception of fair and equitable opportunities; Social recognition; and Peer synergy - *cooperative not competing interactions with peers*.



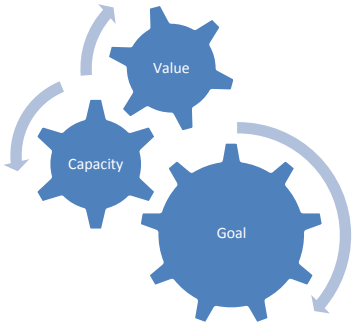
Input Variables: Input variables are clustered into three groups namely; individual focused, program focused and the learning environment. The relationship across the input variables is complimentary, for each reinforces the other and vice versa.

The individual's characteristics are pivotal in attaining capacity building objectives, for these collectively determine learner's capacity to learn. The critical characteristics are following:

- Whether the learner clearly knows why s/he should learn and can he or she relate it to his or her unfulfilled learning needs? Need to learn can however be displaced from building capacity to simply qualifying exam or attaining certification. Hence it is pertinent that while there should be an awareness of the need to attend a program, it should be harnessed to learning.

- Intelligence, aptitude (flair) and basic scholastic skills are equally important for the learner to understand and learn concepts rather than simply memorizing (duplicating) without understanding the subject knowledge in a typical academic or professional program.

- Value is an underlying belief: Whether the learner values knowledge, learning and development or not is important to bring internal motivation and commitment to follow a program with understanding.



Individual's Learning Characteristics

Hence, we have basis to say that selection of learners for a particular program should be based on his or her ability to pursue a program with understanding. Different individuals may demonstrate potentials in different areas (fields) of learning thus they should be directed to their respective fields rather than forcing everyone in a stereo-type program.

Secondly program quality is also major input to influence the outcome of the process: It refers to the training contents, its relevance to the learner's needs, discourse methodology, learning resources and activities, opportunities to apply the acquired knowledge into a simulated work situation, space to articulate understanding within the real time situation and last but not the least trainer's skills: Whether the trainer demonstrates positive attitude towards the subject he or she teaches, has adequate understanding of the subject, is able to answer questions in pragmatic and understandable fashion, is able to harness learners' motivation towards the subject, commands credibility in the eyes of the students, can manage group diversity, etc.

Interestingly, examples abound of producing highly capable incumbents by institutions with much dilapidated and inadequate physical and extra-curricular learning environment: Until the branding concept got into our education system, institutions were used to be very simple and functioned with bare resources. Yet the quality of education then and now has no comparison. There were fewer students going to higher education then but the learning was more intense. Now it is the reverse. We are producing larger number of university graduates but with stereotype knowledge. Having said all this does not undermine the significance of learning environment but actually meant to highlight the difference between basics and frills in the learning environment. Basic factors include directions in learning; the relationship between instructors and students; reinforcements to excel; discipline; etc. In short, the environmental cues that induce and/or facilitate learning can never be more emphasized. The frills, however aimed at extra-curricular aspects. Such as social life, sports, fun activities, etc. These aspects are also important to build positive social attitude besides stimulating the learners' attention towards learning. Nevertheless, if this shadows the basic factors for whatever reasons then learning will definitely suffer. It is very sad to note that this displacement is very much evident in private academic institutions and corporate training events. The outcome is obvious and visible.

a. Intervening Variables

The intervening variables (*perspective*) are the affective level variables that determine efficacy of ultimate learning. These include more subtle variables such as; Readiness to learn, Development motivation, Learning valence* (perceived significance), Success expectancy* (expectations about succeeding in the program and later in the career as direct result of the program), Understanding, Responsibility (ownership to make efforts). The perspective is largely developed / influenced by the input variables as well as external variables.

I do not advocate conservative learning environment but definitely not ready to compromise with the present day displace-ments

b. Interventions

Having contemplated so, the scope of Human Capital Development [Capacity Building] process becomes very clear: To optimize efficacy of the process by harnessing the learning directions and inducements from multiple directions to attain enhanced professional-wisdom not just knowledge base. This will aid the incumbents in securing a progressive career path and also improve the chances of increasing organizational productivity and competitive advantage.

Interventions can be made from two orientations, namely; at the input level and intervening level. Put it simply, one can bring about change in the quality of professional wisdom by altering the input variables or modifying the perspective [intervening variables]. Before we describe the strategies, let acknowledge this fact that altering the input variables can bring about more lasting improvements yet it entails long term solutions, while modifying the perspective can result in rather quick impact nevertheless it will not be sustainable without changing the input variables. Having said this, as a general rule one needs to approach the interventions from both orientations simultaneously. However, in specific scenarios on has to use his or her judgement to choose between the two. Now let us explore some intervention strategies.

a. Input level interventions [also referred to as indirect interventions] might include recruiting right candidates for the program. This in the first place would entail changing the mindset from equal-opportunity to equitable opportunity. It is now widely recognized that different persons have different intelligence orientations [*refer to Myer and Briggs Personality Inventory*[2]] hence different persons have different potentials: Some are more inclined towards numerical reasoning and analysis while others may be more apt to excel social sciences, etc. Second intervention strategy is to control the program: Design, contents, methodology, faculty, activities, interactions, etc., to make it more relevant and interesting too for the learner. Thirdly, managing the learning environment would entail controlling physical arrangements and social interactions between the faculty and learner(s), and learner(s) vs. learner(s). A more adult like interactions [transactions] are likely to have more productive effect on the process.
b. Intervening level interventions [also referred to as direct interventions] might include direct supervision. Constructive discipline might be the first step followed by reinforcements [rewards and reprimands], motivational talks, supportive relationships, career counseling, etc.

References:

1. *The Expectancy Motivation Theory; Victor Vroom, Yale School of Management, "Valence is the importance that the individual places upon the expected outcome. For the valence to be positive, the person must prefer attaining the outcome to not attaining it. For example, if someone is mainly motivated by money, he or she might not value offers of additional time off. The three elements are important behind choosing one element over another because they are clearly defined: effort-performance expectancy (E>P expectancy) and performance-outcome expectancy (P>O expectancy): -*

   E>P expectancy: our assessment of the probability that our efforts will lead to the required performance level.

   P>O expectancy: our assessment of the probability that our successful performance will lead to certain outcomes.

2. *Myer Briggs Foundation [http://www.myersbriggs.org/my-mbti-personality-type/mbti-basics/]*

3. *The diagrams given in this article are author's personal conceptual development.*

Sohailuddin Alavi (Oct – Dec 2017) The Accountant, ICAP.

Building Sustainable Performance Base

Performance has always been at the center of managing human resources, whether in a private or public setting. It is this reason that I always give special emphasis to managing performance in my articles on HR issues. This paper is based on my recent experience at a client where I was developing their Human Resources Manual. Conclusion of my empirical observations in fact validated my earlier realization that performance is a complex and somewhat abstract function of capacity and orientation. Generally, however, we focus on building capacity but ignore harnessing the orientation. The result is we create qualified employees but we ignore to channelize their professional capacity in productive channels. In other words, by not harnessing the orientation we let it result in unproductive behaviors at work no matter how good it may be.

In this article I have attempted to analyze the imperatives of building sustainable performance base of employees across cadres and ranks, based on the interplay of their capacity and orientation.

Understanding Orientation

We have seen that organizations often hire best qualified and experienced employees and keep investing in their capacity building but not all of them bring best of their abilities to work. The answer lies in the fact that while they are capable to excel, their orientations are different. Before we dwell upon the imperatives, let us explore what our orientations are made up of.

We can say our orientations are made up of perspective, values, conscience, motivation and perceptions. Perspective is precisely how we understand and accept work responsibility, which defines legitimacy of our role in our minds and determines our psychological contract. Values are the deep assumptions of right and wrong or good and bad that each of us carry from our life time experiences and affiliations. It is often difficult to go against one's values. However, at times it is necessary to critically evaluate our values otherwise these may come into conflict with our work situation and might damage our performance. Conscience in simplest way is how we define our rights on others and vice versa. Motivation is most referred but misunderstood concept. For many, gratification that one may derive from rewards in a typical work setting is his motivation. Gratification is simply a feeling of happiness one derives from achieving benefits. Motivation on the other hand is the passion, commitment and responsibility to do a job well. As Hertzberg defined in his two-factor motivation theory, money provides gratification but does not motivate. Perceptions are obviously our particular view of the situation: what we see and hear around us. Perception forms our beliefs.

Orientation vs. Capacity

Organizations often face a number of challenges in attaining productive performances of its employees on sustainable foundation. It is noticed that once employees are empowered to make decisions or as the organization grow in size, employees' behaviors are likely to deviate from the organizational mission. Their personal needs and influence from their group distort their perspective altogether so much so that organizational goals are displaced and compromised. Although this syndrome operates in almost every

organization, it is very much visible in charitable organizations. A charity organization may have serious commitment to alleviating poverty related challenges of the poor. But generally it is observed that while it grows in size and the authority is delegated down the line, the commitment to the cause does not trickle down: Employees do not consider their job more than an opportunity to earn money for themselves with little to no sensitivity to the social cause. Similar is the case with many businesses and public service organizations. It is all about orientation and how it changes performance. However, by no means I am undermining the significance of employees' capacity to do the job.

A positive orientation would mean the employee works with right directions, conscience, responsibility and motivation to do his job well. On the contrary, negative orientation would mean the employee works with less clear directions, rationalized outlook, lack of responsibility for the organization and self-gratification.

Capacity to do a job is the combination of cognitive skills, physical skills, and the level of knowledge or understanding. A high capacity would mean proficiency in doing the job. A low capacity would mean inability to do the job as per requirements.

Positive Orientation / Low Capacity	Positive Orientation / High Capacity
Negative Orientation / Low Capacity	Negative Orientation / High Capacity

Employees who demonstrate positive orientation and high capacity are assets for the organization in the true sense. They perform at their best and in a conscientious manner, safe guarding the interest of the organization. Such are the employees on whose shoulders the organizations' present and future safely depends. Such employees need bare minimum supervision and external controls. They work best in a coordinated environment. The 4th Quadrant in the given grid represents such employees.

Employees' route to the 4th Quadrant is an evolutionary process. Unless, the employee development process is systematically managed, it is likely that their development may get de-tracked. It is interesting to note that the employees' development process begins much before he or she is inducted in the organization. Generally speaking, orientation building usually begins at home, while capacity building is initiated at the school. This has critical implications for the organizations. Foremost amongst it is the fact that organizations have to be innovative to pick and choose employees who have compatible orientation and right capacity to work in their organization. A CEO of a global pharmaceutical conglomerate delivered a speech at a conference where he categorically told his audience that his company gives top priority to a prospect's mindset (orientation). Followed by this is the organization's challenge to put the newly inducted employees through a structured development program whereby their orientations and capacity both are further harnessed and developed. Capacity building is easier, however mending the orientation is tough if not impossible. Nevertheless, these interventions are necessary to ensure building sustainable performance base across the organization.

It is observed that employees inducted at the junior level and who grow with the company tend to adopt to a positive orientation over time. However, a bigger challenge is to harness the orientations in particular of the lateral inductees at middle and sometimes senior positions. I have observed at many clients' organizations that they generally take for granted the compatibility of inductees at middle and senior levels,

whereas ironically it is not true in many cases. This is evidenced from the general data on the performance of lateral inductees. While no doubt that by inducting experienced professionals at middle and senior positions organizations tend to strengthen their inventory of skills and knowledge nevertheless the organizations also run the risk of bringing in people with incompatible (negative) orientation. Two major problems are faced by the organization in such a situation. First, an inductee with incompatible orientation at the middle or senior level having adequate authority to assert and to influence others is all set to make less responsible (productive) decisions. Secondly, the inductee would be highly vulnerable to succumb to the power groups within the organization at the expense of organization's interest only to secure his or her job and to maximum personal benefits (gratification).

Having said this, we have basis to say that sustainable performance comes from the combination of positive orientation and right competence. Going further, sometimes positive orientation becomes the driving force for improving capacity.

Sohailuddin Alavi (2018) Journal of the Institute of Bankers Pakistan

Averting Harassment Culture

Human race has always been subjected to harassment by the few black sheep. So is the voice against Harassment; communities have always stood against the menace of harassment. The outcome has been wider awareness and legislation. Ironically, however, the menace is continuing without any drag. Conventionally, harassment was done in a crude way so much so that it was a much visible crime. In modern time, its manifestations have taken new forms, some are so much covert that it is difficult to tag it as harassment even if it is in the news.

In general perspective "Harassment" is an act of immorality and aggression as a consequence of which a person's faith; self-esteem; dignity; privacy; and, right to make a free choice is partially or fully compromised. But for many Harassment is simply attempting or actually committing sex with a woman without her consent, which is too narrower a definition hence eclipses other forms of harassment from being recognized. In Cambridge dictionary "Harassment" is defined as, "Illegal behavior towards a person that causes mental or emotional suffering, which includes repeated unwanted contacts without a reasonable purpose, insults, threats, touching, or offensive language."

> A senior manager was once asked by her boss to go to hotel with him and was even given a vulgar novel with a written personal message. On her consistent refusal, she was terminated.

Ironically, one can witness the deep-rooted dichotomy on the issue of harassment in our society in particular. While we proclaim being saviors of equal rights for all, we all commit harassment on daily basis rather covertly. The intensity and form of harassment varies from situation to situation and person to person. Consequently, many acts of harassment are ignored or denied being harassment *per se*. In the following paragraphs I have attempted to analyze the colors of harassment prevalent in present times and their likely root causes.

> This family Director of a Textile Mill secretly married to his Secretary, yet did not disclose it although it became talk of the town at one point in time when people saw their intimacy. Sadly, the Director became victim of Cancer and died. While their relationship was a Writing-on-the-Wall, the mill management totally ignored to acknowledge her rights as of a widow. Not even this, other Directors attempted to attract her towards them. She compelled to resign.

Harassment is not confined to sexual assaults but it also covers a whole lot of other manifestations of abuse to women, men and children alike. However, sexual harassment against women is most heinous of all. Sadly, such acts are common in our social as well as work settings. Numerous cases are reported of this sort and enquires are made but the responsible persons are seldom convicted and punished due insufficient witnesses as they say, but mainly because of weak prosecution and widespread corruption. While incidence of sexual harassment in a social setting are reported, in the work setting it has generally become an acceptable menace and seldom reported. Apart from this, incidence of sexual relations with mutual consent are also on the rise, which are not even considered as harassment but in fact such relationships also have an element of abuse at a deeper level. Whatever is the root cause of

> A public office, where abusing women and personal harassment is rather a norm by management itself, refused to adopt Anti-harassment regulations even though it is a mandatory

harassment, at the end of the day the victim "woman" becomes double victim; the men eventually disown the consequences of such a relationship and burden comes on to the women alone.

The situation, however, becomes even more complex when a few black sheep women decide to use harassment as their weapon for defaming or blackmailing men for money or other advantages. There have been reported incidences of plotting fake cases of harassment from women against men with an ulterior motive. Recently, a similar allegation was made against a Professor of a University in Pakistan. Although, he was eventually acquitted of the allegations, his wife took a divorce and family distance itself from him causing so much of distress to him that he committed suicide. Men's reputation is always at stake in such situations.

Harassment usually has its basis on abuse of status, power and exploitation of victims' needs. Men with an official or social authority over women and have lesser control over their sexual urge tend to harass women. Money being an object of motivation for many provides easier way to abuse. Women are either persuaded by promising reward – *money, job, promotion, even secret marriages, etc.* – or threating them of dire consequences in their lives and lives of their families. Knowing the weakness of such men, some black sheep women with money being their object of motivation, too proactively invite men with an intention to seek the rewards mentioned above. Sadly, there have been known incidents where women have purposely indulged in illicit relationships with men only to satisfy their lust for money and good life. Such relationships either continue as friendship or partnership and the women continue to avail of the financial rewards. On the other hand, sometimes, such relationships culminate into marriage; sometimes men commit secret marriages. As a consequence, the marriage is never declared in public while the couple lives together and the women is deprived of her legitimate social status.

In short, at the root of sexual harassment is the men's uncontrolled sexual needs in most of the cases. But sometimes, it is women's unharnessed motivation for money and luxurious life style for which she bears the harassment.

Let also us briefly dwell upon more manifestations of harassment. Besides, sexual abuse men and women both are also subjected to personal harassments from the society, colleagues and peers, employers, etc. They face bullying, undue coercion, social incongruence, and last but not the least professional discrimination. As a result of it their dignity, respect and most importantly rights are denied.

Recommendations

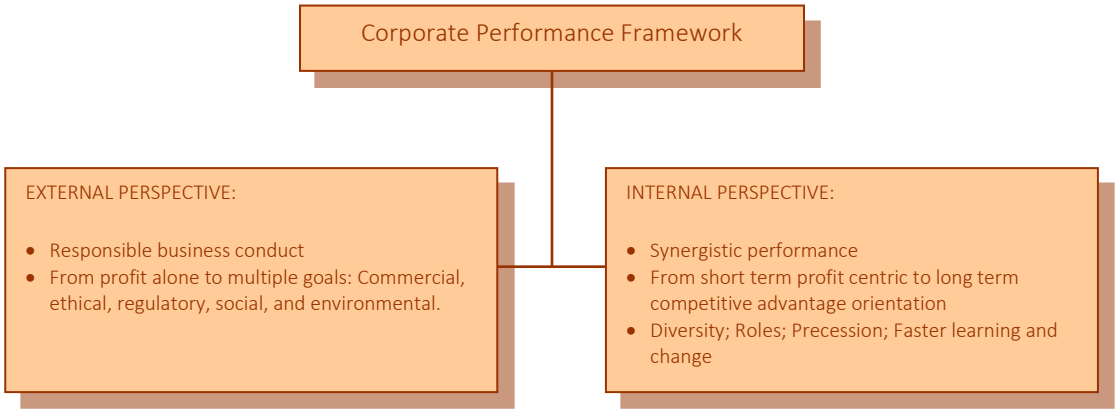
As noted above, at the root of sexual harassment of women it is the uncontrolled sexual orientation of men, which is categorically mentioned in Quran as the disease in the heart of some men. Quran further provides antidote for men and women in the following words in Sura 24 verses 30 & 31; *"O Prophet! Tell the Muslim men to lower their gaze and guard their chastity. That is purer for them. Surely Allah is All-Aware of what they do. And tell the Muslim women to lower their gaze and guard their chastity, and not to reveal their adornments except what normally appears. Let them draw their veils over their chests, and not reveal their hidden adornments except to their husbands, their fathers, their fathers-in-law, their sons, their stepsons, their brothers, their brothers' sons or sisters' sons, their fellow women, those bondwomen in their possession, male attendants with no desire, or children who are still unaware of women's nakedness. Let*

them not stomp their feet, drawing attention to their hidden adornments. Turn to Allah in repentance all together, O Muslims, so that you may be successful." [Sura 24, verses 30 & 31]. Besides, there is a clear need to harness our motivations, especially women. This will keep them from falling prey to men's unjust sexual demand.

In nutshell, perhaps seclusion is difficult in our times, it is therefore expedient for men and women to remain sensitive of other persons' boundaries of privacy; watch their interactions; use decent (non-provocative) language to communicate; and, be modest in their dressing. Besides controlling the mindset, need for developing protective environment and ensuring toughest punishments to deter and respond to acts of all kinds of harassment by men in particular and women when they proactively initiate or simply succumb to men's demand for their personal motivation can never be over emphasized. Moreover, men or women who abuse the laws for unwarranted personal advantage should also not be spared.

Corporate Performance Framework

The term "Corporate Performance" relates to the overall efficacy (effectiveness and efficiency) of a business firm in particular and any other firm in general. It needs to be looked upon and analyzed from the external and internal perspectives. Refer to the diagram:


Corporate Performance Framework
EXTERNAL PERSPECTIVE:
Responsible business conduct
From profit alone to multiple goals: Commercial, ethical, regulatory, social, and environmental.
INTERNAL PERSPECTIVE:
Synergistic performance
From short term profit centric to long term competitive advantage orientation
Diversity; Roles; Precession; Faster learning and change

External Perspective

Conventionally profit (earning per share) was the only measure of corporate performance. However, in the modern times corporate entities are expected to demonstrate rather holistic performance, which includes regulatory compliance; ethical compliance; social compliance; etc. in addition to their profit targets. In short, contemporary corporate must act responsibly towards attaining its commercial objectives by adhering to social, regulatory, and ethical norms of the land.

Hence, corporate performance which was hitherto driven by profits alone now encompasses a complex system leading to multiple and sometimes conflicting corporate goals. For instance, a successful modern corporate aim to accomplish in the following directions:

a. Profit growth
b. Total regulatory compliance
c. Ethical business conduct
d. Environmental safety (external and internal)
e. Win-win transactions (relationship) with the permeable society

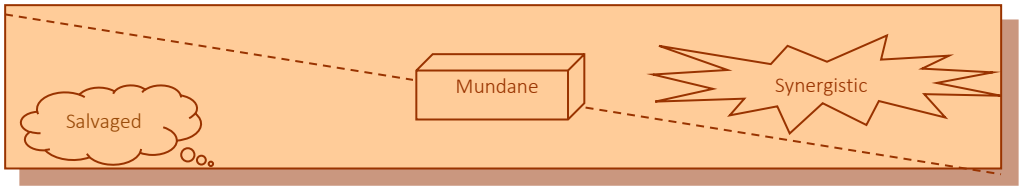
Obviously seeking profit as a reward for investing money, human capital, and time is a legitimate goal for any commercial or other firm. Furthermore, profits in the long term also provide basis for the sustainability. However, the debate is now focused on making just profits rather than maximum or minimum profit. Just profit is defined as one that is made in a responsible manner – without violating own or anyone else's rights be it customers, employees, owners, society, etc. Regulatory compliance generally aims to protect the rights of the stakeholders in particular and society in general. It defines boundaries, norms, and the work environment that is beneficial for all. Besides, it gives legal share to the government in the profits of an entity in consideration of the services it provides.

Ethical business conduct refers to voluntary adherence to one's own and others' rights, manifested in the business processes, product quality, and transactions. Besides, protecting and maintaining safe and healthy psychological and physical environment is yet another major aspect of corporate performance. It demands conducting business in a manner that does not destroy the physical or psychological environment. Such as, destruction and pollution of physical environment; harassment and violation of psychological environment; etc. Proactively fostering mutually complimenting relationship with the permeable society is but another important dimension of modern corporate performance. It demands from the corporate to respect the social norms and values; protect native culture; and last but not the least, not just to ensure equal rights and opportunity to all without bias but to go a mile extra in improving upon the social standards and quality of life of the permeable society at large.

Internal Perspective

Firms' corporate performance from the internal perspective can be analyzed on a performance continuum. The performance along the continuum will be from salvaging (aggregate) through mundane (average) to synergistic (constantly improving). See diagram below.

Corporate Performance Continuum



Salvaged performance portrays scenario of below average overall efficacy and sometimes even continued losses. These firms generally lack holistic approach – function from the conventional perspective. Moreover, these firms fail to manage their process efficiencies and service/product quality, which hampers their long-term profits. Public sector firms are a good example of such salvaged performance. Furthermore,

these firms quite often have had invested in directions that neither were nor are feasible from any angle. Such as, big successful companies when diversify their businesses they usually overlook the fact whether they have the core competencies to operate in the new markets. Or they simply make decisions on increased projected revenues while keeping their eyes closed on the corresponding projected increase in cost. Consequently, while the revenues multiply but the cost hikes by a greater percentage pushing the profits even below current levels[1]. As they usually say, "Companies grow to doom". The recent consumer financing tragedy of Pakistani commercial banks is a good example in this regard.

Mundane performance refers to the scenario where a firm typically attains low average performance with minimal growth rate on the long-term horizon. This is because the firm may attain higher performance in a particular year but fail to sustain it on a long-term horizon for one reason or the other. At many instances much of these firms' performance depends upon their external situation. For instance, performance of investment portfolio of an individual largely depends upon the equity market sentiments. Another example is sugar producers and retailers who are currently booking humongous profits. Ironically this growth in their profits is purely a result of the particular market situation rather than their affirmative strategies and interventions to improve upon their productivity, hence the growth can never be sustained.

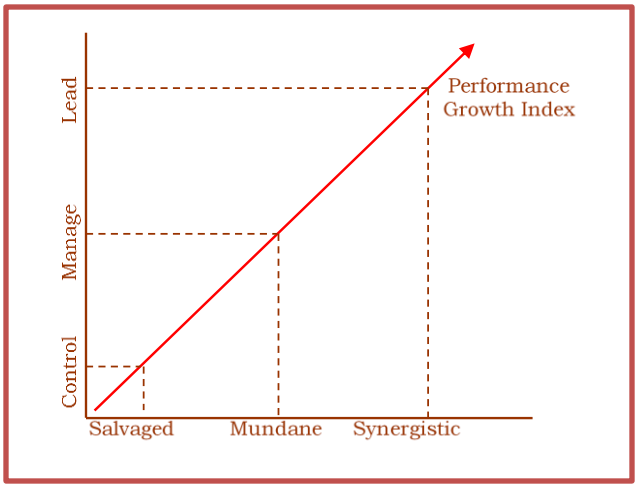
Comparison of Core Dimensions

Conventional Firm	Synergistic Firm
Short term profit centric	Long term sustainability
Status driven positions	Roles driven positions
Delegated authority	Empowerment
Horizontal diversity of skills	Vertical and horizontal diversity of skills
Status quo	Constant improvement

Synergistic performance refers to a sustainable advantage that comes from constant change and improvement in the processes and products of the firm, which help maintains the firm's growth rate above others. Japanese Kaizen environment, Total Quality environment, Total Quality Management system, and the Emergent Leadership practices are good examples of synergistic performance culture. The basis of this is surely internal to the firm's management process. Synergistic firms distinguish themselves on the following dimensions, namely; profit vs. sustainability, status vs. roles, authority vs. empowerment, horizontal vs. unidirectional diversity, and last but not the least status quo vs. constant improvement.

Business Process and Corporate Performance

It is important to analyze the business processes that are instrumental in attaining a particular level of corporate performance – salvaged; mundane; and, synergistic. For the sake of analysis and comparison



these business processes can be identified as Control; Manage; and, Lead. To begin with, let us establish the relationship between level of corporate performance and type of business processes. Control orientation in business processes by and large cause the corporate performance to remain at salvage level, while managing oriented business processes improve performance to the next level i.e. mundane. To improve corporate performance to synergistic level the business process orientation must change to lead type.

Control orientation is typically a short-sighted mindset that instills reactive practices such as quality control instead of quality assurance. In a typical control oriented firm administrative discipline prevails over the rationality of behaviors; legacies are blindly looked upon positively; follower-ship dominates across the firm; decision making and execution remain detached from each other; functional subjectivity prevails over holistic reasoning; etc. All this cumulatively inhabit learning, innovation and change hence fail to prevent performance lapses but to salvage it only. In brief, firms operating from control orientation remain focused on firefighting to salvage short term performance hence lose sight of long term opportunities – as in the UK they say, "Penny wise pound foolish", and as in the Noble Quran ALLAH Al Mighty describes those people who desire (follow their lust in this) world and they will have no reward in the hereafter [ALLAH Al Mighty knows better].

Mundane orientation is a step forward. It fosters preventive practices per se. In here, quality assurance supplements quality control, thus allowing the firm to attain quality performance within bearable limits. Put it differently, by quality assurance process the firm ensures strict adherence to given performance parameters that in effect prevent the performance lapses to a greater extent. Quality control remains in force to check quality lapses, however, reduced these may become. Doing so performance is enhanced to a higher level but not beyond the given parameters – par excellence. This is because long-term advantages remain secondary to the short-term profits. Subsequently, out-of-box thinking would still not be there to move out of the short-term perspective hence the need for learning, innovation and change would also remain confined to meetings and seminars, if at all. Typical firms that consider ISO quality system [certification] as an end in itself are good representatives of mundane performance. As they say, "like father

like son". Bryan Joiner in his book "The Fourth Generation Management, contemplated that firms, which learn and change faster are bound to supersede others who do not change or do so at a nominal rate".

Synergistic or par-excellence performance is defined as one that constantly raise firm's performance level. There is this saying of the last prophet Muhammad SAAW in this context, "The one whose today is not better than yesterday and tomorrow is not better than today is doomed". The Lackson Group, a Pakistani conglomerate, affirmatively inculcates this culture; they say, "We raise our bars every day". Walt Disney said, "People think I had made wonders, they were wrong. When I got together with other people of diverse skills, each better than the other [better than myself] in his or her respective field we together created wonders". This follows that synergy essentially entails diversity, interaction and interdependence. To attain synergistic performance culture the firm essentially needs to switch to long term perspective; empower by inculcating leadership-mindset[2] across the people without regard to their status and location; instill unidirectional diversify of skill set at all levels; focus on unique value that each individual should contribute based on his or her role function; integrate departmental performances along shared corporate directions; and last but not the least, transform hierarchies into work groups.

Conclusion:

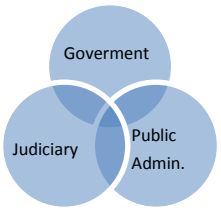
In the contemporary fast changing extravaganza of global businesses, it is extremely important and urgent for a firm to envisage beyond profit and to encompass ethical, regulatory, and social dimensions as integral constituents of external corporate performance. Likewise, attaining synergy in the internal corporate performance is equally critical to remain eligible and sustain competitive position in the global economic village. Any compromise on the external or internal performance fronts will render the firm in-competitive and virtually defunct.

Sohailuddin Alavi, (April – June 2010) The Journal of Institute of Bankers Pakistan

Competitive-Public-Administration Model

Competitive Public Administration is inevitable to improve government's efficacy in the economic and social perspectives. This brief analysis attempts to put together different parts of competitive public administration into a model to highlight their interplay necessary to attain government's efficacy – the term refers to the government's performance in steering the country in up-north direction with efficiency and effectiveness.

In precise terms "Public administration" is the executive subordinate of a Government. Put it differently, Government of a country consists of a legislative (governing) body, preferably the Parliament led Cabinet. However, in certain conditions the parliament is substituted by an individual so called the dictator. Alongside the legislative body are the subordinate Public Administration Departments. Judiciary is the third player with an equally important role.



Typical function of the Government *per se* is to govern the country by setting its strategic directions, by formulating public policies and making necessary legislature to protect the rights of the citizens and to facilitate implementation of its policies in the greater interest of the country. Public Administration is not the government *per se* but the subordinate body mandated to implement government policies and decisions within the ambiance of given legislative regime. Judiciary has the role to interpret the legislation and to resolve conflicts and/or disputes arising in the due course of public administration.

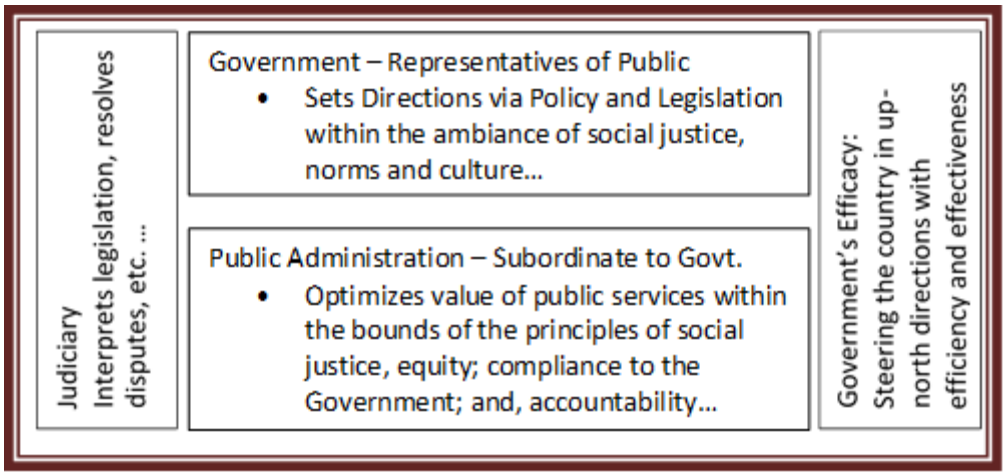
Government in a democratic system is a representative of public hence Public Administration is logically subordinate to the public through the government. On the contrary in a dictatorial regime, which is not the public representative, Public Administration is divorced from the public and becomes just an extension of the dictatorial regime.

Competitive Public Administration Model:

Competitive Public Administration Model refers to the administration's ability to optimize the value of public services; to ensure social justice and equity; to comply with the government; and, to hold itself accountable for the outputs and outcomes.

Optimizing the value of public services is one major deliverable for the public administration. It generally refers to the efficiency and quality of public services made available to the public without discrimination. Such as safety nets; health care; equal opportunities for education, development and livelihood within the ambiance of social norms and culture of the society. Having said this, it is imperative that *SMART* key performance indicators are identified for each result area and performance is measured from time to time.

Social Justice and Equity are equally critical deliverable-es. In the absence of this, value of public services can hardly be envisioned. Justice refers to ensuring just and equal access to opportunities and treatment to each individual in the society. Equity refers to equitable reinforcements (rewards and punishments) to foster responsible behavior among citizens. This will make it truly a socially responsible administration.


Judiciary
Interprets legislation, resolves disputes, etc. ...
Government – Representatives of Public
Sets Directions via Policy and Legislation within the ambiance of social justice, norms and culture...
Public Administration – Subordinate to Govt.
Optimizes value of public services within the bounds of the principles of social justice, equity; compliance to the Government; and, accountability...
Government's Efficacy:
Steering the country in up-north directions with efficiency and effectiveness

Compliance to the government is too an essential dimension of competitive public administration. It refers to public administration's effective subordination to the Government in the letter and spirit. In other words, it requires the public administration to adhere to the policy directions in the letter and spirit and to comply with the legislation provided by the Govt. from time to time. Nevertheless, public administration must operate impartially and judiciously in the greater interest of the public.

Public administration stands accountable for the outputs and outcomes of the public services interventions. Here the output refers to intermediate performance indicators such as "*so many hospitals established, etc.*" and the outcome refers to the ultimate performance indicators such as "*improvement in access to quality health care by the public without discrimination*". It is incumbent upon the public administration to take responsibility for the output and outcomes. Any deficiency or failure should lead to system-based corrections and reprimands. However, where the deficiency or failure is because of the policy or legislative gaps then in that case the government should take the responsibility to make the changes in the policy and legislative regime and institute reprimanding within.

Essential Elements of Competitive Public Administration

- Clarity and commitment to purpose

Purpose of public administration in general, as debated above, is always to optimize value of the public services in the greater interest of the country and public. Going further, the purpose is further complicated in the context of individual public department. Meaning, the departmental efficacy has to be harmonized with the generalized value of public service. Otherwise, a department may attain optimal efficacy internally but would add no value to the public service. A good citation could be of turning around a public service institution into a self-sustaining entity. However, the consequence may be unwarranted increase in the cost of service to public that is likely to deprive a segment of the society. Similarly, increasing tax revenue without considering the socio-economic impact may enable the department to attain their targets but are likely to negatively affect economic growth and increase poverty. This dilemma occurs because while incumbents could clearly see the departmental goals but lack understanding of its strategic outcome in the holistic context. Going further, it is because their acknowledgements and rewards in career are linked with the former alone not with the latter.

Averting distorted perspective entails clarity and commitment to the purpose. As we look around ironically, we witness drifting of the purpose in many public departments. Either the cost of service has been increased beyond the corresponding value or department exists for the personal gratification of the incumbents. In both instances the public is deprived of the service they are entitled to. Holistically speaking, while the public pay higher taxes it fails to see the improvement on the public service in general. The problem is while public departments successfully attain their intermediate performance indicators the respective department and public administration as a whole fail to attain their ultimate performance goal.

- Good Governance

Governance is the subject of the Government (public representatives) not of the public administration. Nevertheless, there is a need to build a hybrid governance structure that compliments the roles of the government and public administration, respectively. Presently, the role of government is narrowed down to the ceremonial approval of the recommendations / decisions of public administration. Whereas ideally the government's role of governing the public administration should be much broader: the government (public representatives) should build and own the public policy and plans, for this will ensure harmonization with the aspirations of the public at large and across the public administration departments. It will also avoid conflict of interest at the administration level. The policy and plans should then be cascaded to the public administration for execution in a befitting manner.

The "hybrid governance structure" would evolve into a Governance-Committee comprising of public representatives led by the concerned Minister. A member from the department can participate as Secretary/Coordinator. As evident, the governance committees should be for each department. It is pertinent to say that governance is a technical process, which requires sound knowledge base in policy and planning, strong analytical and critical thinking, judicious decision making and last but not the least good interpersonal skills.

- Objectivity

Objectivity in decision making and service delivery is a must for the competitive service quality. Business policies and processes tend to become incompatible over time to the emerging requirements thus reduces the required objectivity. This entails constantly reviewing and improving the business policies and processes to keep them just about right. Information technology development has provided effective solutions in the form of automated processing and service delivery that tends to be more reliable, free from bias and efficient. Nevertheless, the importance of the capacity and role of the incumbents in public administration can hardly be overlooked at any cost.

- Integrity System

Integrity system (or integrity management system) is the commitment to ensure that performance of the public administration is maintained transparent and free from all sort of potential abuse and discrimination – *misfeasance, malfeasance and nonfeasance* – and demonstrate zero tolerance to the breach of integrity at any level. Furthermore, the commitment must translate into integrity policies and processes across the department followed by religious implementation.

This is relatively a new concept of dealing with potential mal practices. It is based on the premise that policies and processes should have inbuilt fire-walls to avert mal practices such as bribery, undue influence, harassment, unauthorized tweaking of the business policies and processes, etc. Moreover, the system should also provide for independent complaint management process leading to severe consequences for the concerned public officers as well as the constituents.

- Customer Focus

Although it is hard to identify customers in the public service context the general public accessing the public services are in fact the customers, however, referred to. It is pertinent to build stronger focus on customers' needs and expectations in order to deliver just about right service in the right manner at the right time and at the right place. In short public service departments also need to identify their service strategies in the same manner as a corporate entity does. This further entails inculcating enthusiasm for serving the customers.

- Environment

Modern day challenges facing the public administration are much complex than ever, entailing specialized capacities; for instance, law, public finance and accounting, audit, project management, marketing and public relations, public policy, computer technology, management science, etc. The envisaged diversity in competencies further enhances the need to build matrix relationships and team work. Public officers at present are, however, generalists and segmented by cadre that inhibits team work. This highlights the importance of inculcating a specialized knowledge base in the said disciplines and a set of soft skills besides building a strong personality that encompasses enthusiasm, virtues, ethics, independence in judgements, logical and analytical thinking, empathy, assertiveness, self-restraint, etc. Finally, consistency of tenures and protection are also significant.

Sohailuddin Alavi, (Sept – Oct 2016) Management Accountant, ICMAP

Compensation Design: A Jigsaw Puzzle

Compensation is an inevitable cost to the company for running its operations. No organization can operate without people and no individual works without compensation. A rising compensation cost can be detrimental for the competitiveness of a business, yet to attract and retain quality human resources organizations tend to compete on compensation. Having said this, organizations in the modern times are in a fix: Sustaining business competitiveness is a yawning target for every contemporary business. To accomplish this, on one hand it must attract and retain quality human resources and on the other hand it must keep its cost of doing business at the minimum. Paradoxically, the two are in direct conflict to each other.

Career landscape in the modern organizations have changed. Historically employees used to join an organization at the onset of their careers; grow with it; and retire from the same organization. Contrary to it, in modern times management employees in particular join, contribute value and leave within a relatively short period of time. The executives are the ones who by design, have can grow with a particular organization hence stay for longer span of time. Then comes the front-end employees who do routine tasks. One, they have limited career growth both vertically and horizontally. Second, with the automation they are becoming redundant. Meaning their careers are narrowing down with no upward mobility.

Traditionally, employees across the tiers were retained for a longer period of time which added to their cost as their compensation continues to grow while their scope of work may or may not grow, especially the employees having dead end careers. Such as front-end employees doing standard routine jobs. During that time, employees could literally move up to the management cadre over a period of time. This was the time when organizations were managed as “Administrative units”. However, now organizations have become more complex and diverse requiring specialized inputs from the employees. Hence it is no more plausible for organizations to follow similar trajectory.

In modern times, limited positions at the middle tier offer upward mobility hence long-term career. Front-end positions are reducing in numbers as organizations are opting automation to reduce their cost of head counts at the front. Nevertheless, a few positions at the front end will continue into the future. Senior management positions are predominantly short termed, as most the incumbents at these positions are inducted laterally amongst senior corporate leaders and business specialists.

In the traditional scenario, designing equitable compensation system was much easier. All positions were considered growth driven; hence all positions were classified on ascending salary grades with fixed annual increments. Majority of the employees could move to next grade in the normal course much before their salaries reach to the maximum of their respective salary grade. Value of money used to be much stable so the annual increment provided sufficient raise in terms of real value of employee’s income. Besides, the competition for employees was not so much fierce then as it is today and so was the need to compete. Hence the salaries were rather stable and within limits.

In today's fiercely competing business environment where businesses have become complex and tricky, so is designing compensation system. Different compensation criteria need to be evolved for different set of employees, depending on two major variables i.e. competition and vertical mobility.

a. Market based compensation is more attractive for the Senior management. These persons, save few exceptions, obviously do not look for career growth; it is neither plausible nor is seen as incentive by them. Their packages have to be comparable in the market for similar positions. However, evidence suggests that sometimes the gap between senior management and other employees' salaries goes out of proportion relative to the value each one adds in the organization. Moreover, it is also observed that market-based compensation ignites price war in the industry which eventually raises cost of doing business for everyone and the beneficiaries are the senior management employees.

b. Standard salary scales with stable growth pattern along the career paths is best suited for the middle tier. However, setting the right number of salary stages on each grade is a tricky thing to do. It is observed that excessively extra stages cause complacency among employees to improve and move up for they are assured of continued increase in their salaries any ways. Besides, this makes employees' cost exceed their productivity for their scope of work does not enrich or enlarge with the increase in their salaries. This is also true for positions which have no upward movement possibility like many front-end positions.

c. A relatively more compatible compensation for the front-end positions with little to no upward movement possibilities is contract based monetized packages based on the market rate. Evidence is found that in organizations where growth driven salary scales are instituted across the positions, front-end employees' salaries have been inflated many times the salaries of middle tier employees.

This is a food for thought. It provides some interesting clues for designing a balanced compensation system. The author has described the pros and cons of traditional and contemporary compensation designs. He has purposely made no comment as to which design is a better option. The readers have the wisdom to conclude themselves.

Sohailuddin Alavi, (Jan – March 2021) Journal of Institute of Bankers Pakistan

Say No to Corruption

Introspective Analysis & Interventions to redress Corruption

Abstract: Corruption has the power to destroy opportunities of progress and prosperity, be it in the social or economic domains though the drivers of corruption [individuals and groups] may avail personal advantages. As a natural consequence of corruption, it is reciprocated by the victims of previous transactions of corruption thus it becomes an unending viscous circle: every one cheating the other. The height of corruption is when it goes unacknowledged and becomes an acceptable norm, however, unspoken. While the loopholes in the social & organizational control mechanisms and complacent attitudes of the public in general can make any system vulnerable to corruption. It is noted that usually "greed" is at the root of all corruptions. Having said this, multi-tiered interventions are needed to address the menace of corruption in the letter and spirit. This brief analysis presents food for thought in this regard.

Quote, "Those who follow their lust are the followers of Satan". *Unquote.* *[Al Quran X:X]*

Analysis: What is Corruption? Simply put corruption is a transaction, social or economic, that violates or attempts to violate rights of other individuals or groups; defy the law irrespective of its legitimacy or not; defy social norms; and, finally break the moral and ethical principles. Corruption, referred to as "abuse of power and authority for private gains"[1], is a global phenomenon and one of the world's largest obstacles to good governance and socio-economic development and growth. The brutal corrupt practices damage social and institutional fabric of a country, render development unsustainable, hamper economic growth, erode established social norms, aggravate inequality, promote injustices and thus constitute a major constraint to the efforts aimed at accelerating growth in order to achieve mandated development goals in a society or organization. Unfortunately, educational institutions have also joined hands in the corruption.

The manifestations of corruption could be as trivial as eating others' wealth unjustly (giving short measures) or restraining others right to equal opportunities. On the other hand, corruption could be as severe as nations invading other nations, killing millions of innocent lives. Ironically corruption transactions are rationalized with superficial excuses and arguments. The evidence suggests that poverty is the outcome of corruption contrary to the common misnomer that poverty leads to corruption. More powerful and rich a person or a country is, it exerts more aggressive behavior on the weak persons and nations, respectively, to secure unjust personal interests: Public administrators exploit public interest by unjustly leveraging their institutional power; Rich persons exploit the poor by bribing the authorities and direct extortion onto them merely on the basis of their wealth; Giant businesses use their wealth and market strength to seek favorable government regulations and public policies and cut throat the young enterprises to avert fair competition. Likewise, big nations overshadow and sometimes invade smaller ones leveraging their might. As the climate of corruption continues to expand, it displaces the socioeconomic purpose from all-inclusive prosperity to gaining competing-advantage (not competitive advantage) by following the trend to secure one's legitimate and even illegitimate interests and thus reinforce corruption to a higher level. Consequently, it becomes extremely difficult to say who is and who is not corrupt. In short, a point in time comes when everyone becomes corrupt at his or her position.

Paradoxically, corruption is viewed and interpreted subjectively be it at the individual level, national level or international level: Officials demanding bribe and constituents offering it both rationalize it as their choice if not their right to personal advantages yet each one rationalize it as an unwilling compulsion and blaming the other or even denying to recognize the corruption of whatever they do. In certain situations, bribe is re-named as "Speed Money" to distort the perception. Other manifestations of corruption are also rationalized from subjective reasoning. An important reasoning of living the corruption is the art of compartmented morality (ethics) separately from the socio-economic conduct. Likewise, a sizeable number of persons indulge in corruption out of their ignorance or lack of understanding. Hence, they maintain consonance in their faith and aggressive (corrupt) behaviors thinking that what they are doing is not corruption. This allows a person to live without necessarily altering his or her socio-economic conduct per moral (ethical) principles. In short, socio economic life is driven by greed while moral (ethical) values reflect spiritual enlightenment but with least implication on the worldly actions. A good analogy to describe this perspective is the generally accepted misnomer, "*Keep a balance in Deen aur Dunya*". Meaning to follow your lust in this life and practice religion independently for the life hereafter. Success in this life and life hereafter would follow with maximum achievements in life and religion, respectively.

> *Quote*, "Allah says they think they are on the right path, but they are not so". *Unquote [Al Quran]*

The list of various transactions of corruption is appended to highlight the extent of corruption we are living in, though it is not exhaustive but indicative.

Corruption by Individuals

- Defying the law and regulations in force
- Pursuing education without learning per se. This includes paying for degrees or relying on unfair means to pass exams.
- Under performing on the job (*giving less in measure*)
- Taking (demanding) and giving (offering) bribe for unlawful as well as lawful transactions
- Misuse of official and social authority to personal advantage
- Harassment especially of the weak both at work and in a social setting to attain personal gain
- Inertia, plagiarism and cosmetic actions leading to violating to individuals' rights and/or loss to the organizations/community
- In short, misfeasance; malfeasance; and, nonfeasance

> *Quote*, "…And We tried them with good [blessings] and bad [inflicted them] in order that they might turn [to Allah's obedience]". *Unquote. [Al Quran: 7:168]*

Corruption by Communities

- Apathy (acceptance) towards prevalent manifestations of corruption as norm and not deterring them as a community
- Fostering a culture of ignorance and blind followership "*Do as a Roman Does*"

- Setting just material standards of recognition and respect while ignoring the legitimacy of sources of wealth accumulation
- Casting and exploiting ethnic, religious, linguistic or any other divided specially to gain advantage over the other

Corruption by Organizations

- Not complying with the law and regulations in force, to save cost or increase revenue
- Defying the standard operating procedures/processes, to save cost or increase revenue
- Not giving value for money and treating customers ethically (*giving less in measure*)
- Not treating and compensating employees and suppliers justly (*giving less in measure*)
- Exploiting permeable environment to gain economic or competing advantage

Quote, "Many people and companies only have one goal: money, money, and more money. Greed is ok when you let others profit from it, but greed for oneself is bad, it makes you ill". *Unquote* [Dalai Lama]

Interventions: It is evident from the above that the problem in focus is complex. So should be its remedial interventions. The Noble Quran tells us to reward (incentivize), educate and develop and to promote ethical environment, and establish robust deterrence and visible punishments for the corrupt to bring about the correction. In short, it requires inculcating integrity in the culture and systems on one hand and washing away the corrupt behaviors on the other. Both interventions must to go hand in hand.

While incentivizing the integrity in the environment is likely to foster ethical culture, presence of set of robust deterrent factors in the immediate environment work as an effective control mechanism against prevailing and potential transactions of corruption on day to day basis. Nevertheless, need for harnessing greed and institutionalizing robust integrity systems is necessary for the long-term prevention and control of corruption. *Dalai Lama* bravely acknowledged the ill side of greed. Quote, "He said, many people and companies only have one goal: money, money, and more money. Greed is ok when you let others profit from it, but greed for oneself is bad, it makes you ill" Unquote. A recent real-life incident has convinced me that no matter how comprehensively we develop business processes and systems, without harnessed motivation and a robust integrity management system the processes remain vulnerable to corruption. Public campaign against corruption, however, in an environment where corruption is wide spread can hardly bring about any change.

Challenges: It is paradoxical that while the corruption has become rampant and open over the years, it is encouraging that we as a society and nation have developed the courage of talking about corruption as candidly as one should. To me it is not enough but definitely a good beginning. Besides, it is also encouraging that now we have institutions with explicit mandate to deter and respond to corruption though we are far from attaining substantial improvement. But nevertheless, we have already begun the journey, so we should hope to reach our goals one day *In Shaa Allah*.

The challenges facing the change are many and much deep rooted in our culture and system. Let us analyze one-by-one.

At the heart of all corruptions, unconsciously we ourselves encourage greed in our generation. What is greed? Simply put, it is about poor wanting to get rich and rich wanting to get even richer with no responsibility and moral obligations. In other words, it is earning (accumulating) wealth by violating moral standards, social responsibility and others' rights. Why so? What are the underlying factors to this kind of behavior? How can that be altered? These are some pertinent questions one needs to explore to bring about correction in the greed manifestations.

i. Extravagant life style: It is everyone's innate desire and right to be successful and command respect in the society. Ironically in our times individuals' level of success is recognized by his or her life style: The more materially affluent a person's life style is more successful he or she will be considered hence would command higher respect. So, the focus inevitably moves from intrinsic accomplishments to maximum material accumulation. Consequently, the socio-moral responsibility takes a competing position vis-à-vis material gain.

ii. Motivation: Theoretically motivation provides the needed energy to make efforts to accomplish tasks. Nevertheless, motivation can become hyper if an individual fails to develop rational view of his or her targets (desires) to purse impulsively infinite wish-list of unsatisfied desires. Consequently, socio moral responsibility once again is at odds with the material desires. Examples abound.

iii. Societal norms: Who should challenge the societal norms when the majority is indulged in corrupt practices but does not acknowledge it as corruption or at least as if they are being forced into it.

iv. Lack of deterrence: When the robust deterrence is not there in the immediate environment, in the letter and spirit, the scenario acts as reinforcement to corruption.

Recommendations: A combination of systems, cultural and spiritual interventions are likely to bring about the target change.

i. Organizations must establish robust integrity management systems aimed at encouraging (recognizing) responsible practices at the same time deterring corrupt practices. A few examples are listed below:
   a. Man is above all human made systems. So, establishing moral and motivation filters at the recruitment and selection stage is very much crucial. Besides tracking incumbents leading extravagant life style (beyond their means in particular) can provide objective basis to flag the employee as "corruption-prone".
   b. Incorporating integrity management goals (KPIs) at the strategic, operational and individual levels is inevitable to avert corruption.

c. Minimizing discretionary decision making especially at the individual level also has a preventive role in corruption prone processes.
d. Minimizing face-to-face interaction with the constituents reduces connivance vulnerability thus lowering chances of corruption.
e. Prompt and visible rewards for responsible behaviors and severe and visible reprimands for corrupt practices will have profound effect on the integrity culture. Sometimes linking employees' compensation to performance can lead to corrupt practices: Sub-prime mortgage Syndrome of recent times is one example.
f. Offering real protection to the "Whistle Blowers" will encourage surfacing actual acts of corruption can lead to appropriate response.
g. Last but not the least, conducting regular independent integrity audits from the individuals' performance and system perspectives will lead to stronger integrity system in the times to come.

ii. Culture in the permeable limits within and outside the organization must be altered to promote socio-moral values and behaviors as a "Corporate Social Responsibility" in collaboration with the society at large and academic institutions in particular.

iii. Perspective on one's life and its purpose play a vital role in harnessing the directions and behaviors. Efforts should be made to harness the purpose and values as an integral part of life to inculcate realistic attitudes towards life and professional commitment. For example, the faith of life-hereafter in the prophetic religions can be leveraged to make individuals reconsider the very purpose of their lives besides realigning focus on "means to end" and "end", and develop inner fear. Moreover, individuals often commit act of corruption out of ignorance for they fail to take cognizance of the act as corruption. So, it is pertinent to enlighten the individuals through education so that they are able to take objective view of their actions, especially corrupt ones. Hopefully this will correct the behaviors of unconsciously corrupt ones.

Our campaign to "Say No to Corruption" will not address the menace of corruption, for it lacks cognizance of ground realities that enable corruption!

Conclusion: This is a humble submission on the basis and indicative remedies of corruption. This may not be the final word but aim at initiating the debate on more analytical basis leading to more informed decision making and interventions.

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Fear as an effective deterrent to Corruption

Theoretical Perspective

Corruption has engulfed the entire world. No country, no society and no organization can claim to be 100% corruption free. OECD, CIPE and many other international agencies have endeavored to develop policy guidelines and systems to avert corruption. It is a complex subject, it manifests in many colors and shades across social, economic, political and last but not the least moral aspects of individuals' and organizational life. Interestingly, corruption and fear are closely inter-related. In other words, it is plausible to address the menace of corruption by managing the fear perception.

The word "Fear" is defined as an apprehension, panic, horror, worry, concern, anxiety, etc. Fear could result from a number of underlying phenomena, such as fear of repercussion; fear of inadequacy; fear of losing; etc. Fear has significance in shaping the conduct of individuals and groups especially in the context of corruption. Hence it can either encourage or deter corruption. Impact of fear can be positive in deterring corruption or negative by way of encouraging corruption, depending on the nature of fear and the stimuli in the immediate environment. Let us describe different manifestations of fear and their potential impact on corruption.

Fear of Repercussion is a very powerful fear in deterring corruption. It is a situation when one anticipates sure reprimand (punishment) if he or she does a wrong, however big or small. For instance, an infant might feel excited by looking at the candle flame until he touches the flame and gets hurt. Chances are that he shall never ever go close to the flam again for he shall always remember the hurt. A saying goes about late Muhammad Ali Clay, Boxing Legend that he used to carry a box of match sticks. Every time he had a negative impulse, he would light up the match stick and take it close to his thumb and feel the heat of hell fire, doing so he used to override his impulse. This follows that when punishment becomes a real experience as in case of the infant or turns into faith, it deters us from doing wrong be it small or big. Allah Al Mighty says in the Noble Quran that, "Those who fear standing in front of Allah will be successful (enter in paradise)".

> *Fear of punishment and freedom from the fear of losing together makes a disciplined conduct*

The concept of "Day of Judgment" in Judaism, Christianity, Islam and teachings of other Prophets provide an effective deterrence against corruption. Likewise, real life experiences of reprimand to oneself or others have similar effect on disciplining our conduct. In Japan Govt. officials and their families are taken to the Jail to meet the prisoners. It is believed that by looking at the prisoners' plight the official develop fear. However, fear should not be confused with encouraging positive behaviors: fear of repercussion only deters violations and would not encourage doing right. Positive (disciplined) behaviors follow positive values of the individuals and positive stimuli in the environment.

Fear of Inadequacy has a compelling effect on us to do more and more in order to succeed. In other words, it deters from becoming over confident thus complacent. The famous Rabbit and Turtle competition reminds us of this. While the Rabbit thought he is fully prepared to win the race, the Turtle was more realistic about his weaker position and knew if he must win the race he has to steadily work harder towards his target. In the noble Quran Allah guided us by saying to Prophet Muhammad PBUH that he should tell his followers in faith that they have just become Muslims (accepted Islam) but *emaan* has yet to get into their hearts, for Allah has not tested their faith as yet. Meaning they have to work even harder for salvation from hell fire. By applying this analogy in our daily life scenario, we find many examples of individuals and organizations that excelled but soon failed to sustain it only because they lived with this perception that they are already fully capable as individuals and competitive as organizations hence stopped improving: they overcame the fear of inadequacy. Brian Joiner and his wife authors of the book, titled "Fourth Generation Management" described this concept with reference to two competing companies. One was there much before the second came in. However, the new comer soon out-performed the older one only because it was constantly improving to grow faster while the older company was complacent with its past achievements and normal growth pace.

Taking achievements with a pinch of salt is a manifestation of fear-of-inadequacy

Fear of Losing is a typical paranoia. Its effect on our conducts is dysfunctional (negative). It generally develops on the basis of scarce-mentality (believing that what we have is not enough) and low contentment, ultimately compels mal-practices and corruption. It is more of a perception and blind belief rather than a reality. Allah informs in the Quran that Satan whispers this kind of fear in our minds to shake our courage and determination. Often times we have seen that employ-ees operating with this perception are easily manipulated by the employers and customers alike. They are easy to bribe or to be pressurized to extend undue favors. Likewise, businesses built on this culture are vulnerable to succumbing to bribes and a host of mal-practices only to secure extra advantage (profit). Last but not the least, individuals compulsively following social norms and customs only to avoid disapproval from the society, however unnecessary and costly, also fall prey to corrupt practices.

Scarce mentality and low contentment usually cause paranoia of losing

Fear and the Corruption Relationship

In the above context, fear can be termed either as "Positive" or "Negative". Let us define positive fear as one that strengthens our inner courage and determination to Say "No" to corruption. It makes us disciplined internally. Negative fear on the contrary weakens our steadfastness hence we succumb to external pressures and indulge in mal-practices and unwarranted social norms and customs that in turn become cause of corruption.

Having defined fear and corruption, we can say that existence of a robust punishment mechanism in the immediate environment against illegitimate behaviors of individuals and organizations is very much needed to effectively combat corruption. Moreover, promotion of fair competitive (not competing) environment would ensure culture of continuous improvement. However, in the absence of effective punishment mechanism corruption would surely flourish. On the other side, if fear of losing prevails in a situation it would also lead to mal-practices and wasteful rituals which usually become underling cause of corruption.

Colors of Corruption – Analysis of the prevailing scenarios

In our country for instance, we have humongous evidences of corruption, where people have been able to escape legal repercussions hence the fear is effectively diluted. The following cases present hypothetical situations, however very much valid on ground.

a. Majority of small restaurants operating in the cities are proprietorship businesses with a daily turn-over between PKR.50,000 to PKR.200,000. Let us assume that conservative profit margin of such businesses is 40%, which means PKR.20,000 to PKR.80,000. Now look at the multiple dimensions of corruption such restaurants are involved in. Firstly, most of these restaurants are not registered with any tax authority, which means no tax paid whatsoever. Then comes the encroachment of public space by these restaurants, which is now a common practice rather a norm. Unhygienic materials and processes prevail across these restaurants without realization of doing wrong.

   The question is what makes them do all this corruption. The answer is simple, they have "No fear" to be reprimanded. Why because, all the corruption they do is with the connivance of one or the other Govt. agency: benefits are shared honestly with the black-sheeps amongst the law enforcing functionaries.

b. Markets are flooded with smuggled imported and non-tax paid local products. All is being done with the connivance of Govt. functionaries and encouraged by the apathy of customers towards buying illegitimate products: So long they pay less for a product, it is okay. None of the players including customers fear repercussions, whatsoever.

Definition: "Corruption is commonly defined as the abuse of public or corporate office for private gain." Corruption can occur in different forms, in different types of organizations, and at different levels within organizations. Because of these differences across several dimensions, the types of corruption defined here often overlap:

a. *Grand corruption* is defined as corruption that involves heads of state, ministers, or other senior government officials and serves the interests of a narrow group of businesspeople and politicians, or criminal elements.

b. *Political corruption* involves lawmakers, such as monarchs, dictators, and legislators, acting in their role as creators of the rules and standards by which a polity operates. Such officials engage in corruption when they seek bribes or other rewards for their own political or personal benefit and in return provide political favors to their supporters at the expense of the public interest.

c. *Corporate corruption* occurs in the relationships between private business corporations and their suppliers or clients. It also occurs within corporations, when corporate officials use the corporation's resources for private gain, at the expense of the shareholders.

d. *Administrative corruption* includes the use of bribery and favoritism to allow certain individuals or businesses to lower their taxes, escape regulations, or win low-level procurement contracts.

e. *Petty corruption* involves the payment of comparatively small amounts of money to "facilitate" routine official transactions, such as customs clearance or the issuing of building permits.

f. *Systemic corruption* is corruption that is prevalent throughout all levels of society.

Reference: Dr. Vinay Bhargava, Director, International Affairs, The World Bank, 2005.

c. Govt. functionaries openly demand bribe indiscriminately for legitimate and illegitimate services from public. In case of illegitimate services, individuals willingly pay for a benefit while in case of legitimate services individuals are compelled to pay or the service is denied. So much so that now the public has developed complacent view on it and pay without hesitation. Again, since these illegitimate transactions are done with almost free consent of both parties, who will catch them. Moreover, in certain scenarios the bribe so collected at the front end is shared all along the echelons, which means no fear of reprimand even from the higher officials.
d. Shopkeepers encourage cash transactions without cash-receipts to benefit customers as well as to conceal their revenues. Once again, no fear of being caught and punished what to talk about moral responsibility alone.
e. Private enterprises like Schools, Hospitals, etc. are equally involved in corrupt practices. Hidden charges and over billing are now accepted business norms.
f. Above all, as aggrieved persons reach out to the Police or any other agency for the redressal of their grievance against corruption the concerned agency illegitimately demand bribe before even a complaint is registered. Likewise, blowing a whistle also causes personal threats.

The above scenarios aren't exhaustive but perhaps reflect prevailing corrupt scenario, prevailing basically for a lack of fear of reprimand and social apathy. A number of underlying reasons include archaic and lengthy legal proceedings; loop holes in the law and regulations; weak prosecution by the enforcing agencies; the system and processes are themselves corruption prone; etc. Likewise, the social deterrence against corruption is almost non-existent in our society. Though we talk about the menace of corruption but the society seldom condemns corruption by its actions rather ironically every one of us is involved in corruption in our own way. In fact, as a society we not only give more respect but also role model people who are wealthier and powerful, irrespective of how they have earned it. In short, absence of fear and apathy are two major factors underlying the continuing corruption.

The efficacy of "Fear" is a complex function of a number of variables: The perceived legitimacy of the laws, regulations, systems and culture; transparency and efficiency of how punishments are enforced; and, whether the punishments are awarded proportionate to the severity of the corruption. In short, does a holistic reprimand system exist or not and secondly do people have this perception that they cannot escape the punishments?

A holistic reprimand system entails that corruption is reprimanded from a multiple dimension i.e. presence of anti-corruption laws, regulations and policy regime, efficient corruption monitoring framework, robust system to implement punishments and last but not the least effective social deterrence. Put it simply, when a person doing corruption fears absolute chances of punishments and disapproval from the society, s/he is likely to be disciplined. It is also important that a person should have this conviction that s/he can't escape from the punishment for doing any illegal action. Realistically speaking this kind of state of affairs is far from real in many countries but should be approached optimistically.

Recommendations

Cleansing of corruption on long term horizon entails that fear perceptions are effectively managed at individual and group levels. While prevalence of credible laws (policies in case of organizations), systems, and perceived security is a must, nurturing the minds of young is imperative too. It is said, that values of right and wrong are mostly developed at the young age. It is therefore an opportunity that positive values are effectively inculcated in the minds of students in their primary schooling term so that positive fear is reinforced and negative fear is washed away.

Sohailuddin Alavi, (2018) Journal of the Institute of Bankers Pakistan

Integrity Management System

A robust integrity management is a competitive advantage for an institution and enhances the trust of its constituents. Institutions having inadequate to no integrity management system may face array of risks ranging from financial loss, reputation and sometimes even continuity of the institution itself besides possible business and legal repercussions having strategic implications into the future. On the other side, constituents either succumb to bribe and increase their cost of service/compliance or face threats to their legitimate rights.

Quranic analogy…

Action: And eat up not one another's property unjustly (in illegal manner), nor give bribery to the rulers that you may knowingly eat up a part of the property of others sinfully (illegally). 2:188

Repercussion: And let not their wealth or their children amaze you. Allah's Plan is to punish them with these things in this world, and that their souls shall depart (die) while they are disbelievers (wrongdoers). 9:85

In a typical institution, face-to-face interaction between functionaries and the constituents is considered as a major potential threat to integrity. Nevertheless, increasing complexity of modern institutional design and technological environment aimed to improve institutional efficiency pose newer threats to institutional integrity. Delegation of authority to the front end, automation of processes and decentralization improve institutional efficiency, but without a robust integrity control management it raises the vulnerability to abuse authority and manipulate processes. Having said this, it is pertinent to implement a robust integrity management system in modern day institutions to avert integrity issues to the possible extent.

On the positive side, corruption is being acknowledged as a deterrent at the national level. However, official data on breach of integrity are usually not made public but examples abound. Bribery for instance has become necessary evil particularly in the public sector.

Inside view of the institutions reveal heap of mal-practices that are prevalent in the public and private enterprises. These practices invariably compromise profits, market reputation and serious legal repercussions for the institution. A giant Pakistani banking institution suffered a fraud in its international operations. Consequently, its current profit but long-term profitability has been tremendously compromised. Like many viable projects of high economic significance stand defunct or incurring circular loss year after year. Of many reasons it is the lack of integrity in their operations. Private businesses face even higher vulnerability to collapse as they fail to develop integrity management system.

Enhanced integrity helps improve competitiveness, profits, and customers' trust in a for-profit organization; and, public revenue, equity, fairness and reduction in cost of compliance in a public service organization.

A typical Integrity Management System (IMS) aims to protect interests of the institution, the shareholders and the stakeholders. The system entails implementing integrity standards, policy and procedures to ensure higher degree of ethics, fairness, and grievance handling in the work place. Let's begin with getting ourselves familiar with the key words:

1. Integrity: Standard of legitimacy, ethical compliance, honesty and fairness in general behavior of the management, executives, officers, functionaries and representatives with the constituents and of course vice versa.
2. Behavior: Actions and decisions challenging institutional integrity
3. Bribe: Demanding or accepting money or its equivalent in kind or undue favors in return for providing or facilitating illegitimate (or legitimate) service/advantage to the constituents.
4. Out of Course Facilitation: Management and/or staff extends or intend to extend extra favors to a particular constituent or a group of constituents without causing or intend to cause damage to the institution or loss and/or damage to the rights of other constituents or third party in return for money or its equivalent in kind or undue favors from the constituents.
5. Harassment: Members of the institution exerting or intend to exert undue influence on the constituents and vice versa for seeking illegitimate advantage from the other party.

Starting Point

Integrity Management System should aim to improve level of transactions' integrity by improving business process capability in optimally averting chances of mal-feasance, mis-feasance and non-feasance at the individual and group levels. Besides, an independent Integrity Breach Response Process [IBRP] also needs to be put in place to salvage integrity lapses to the maximum. Integrity Management System can be visualized at two levels, namely;

1. Performance (Behavior) Integrity: Standard of legitimacy, ethical compliance, honesty, fairness and transparency in general behavior of the staff vis-à-vis themselves and with the constituents in particular and or public at large, and vice versa.
2. Process Integrity: Invincibility of the defined activities and tasks to ensure performance integrity at all times. In reality it the process integrity that effectively harnesses as well as nurtures the performance integrity.

The Integrity Management System, however comprehensive is bound to fall flat without the sustained commitment and direct involvement of the governing and management echelons. It is essential that the governing and management bodies acknowledge their responsibility towards upholding Integrity hence should commit to Zero Tolerance Standard for the breach of integrity. They further need to commit resources to develop and continuously implement religiously the Integrity Management System within the institution's permeable work environment. Last but not the least, they also should commit to ensure total adherence to the Integrity Management System by continually educating, monitoring and of course responding to untoward incidences justly and without bias.

A group of private sector interests, nongovernmental organizations, and trade unions have developed Business Principles for countering Bribery [Exhibit A]. In addition, the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the International Chamber of Commerce (ICC) Rules of Conduct to combat extortion and bribery, and the anti-bribery provisions of the revised OECD Guidelines for Multinationals.

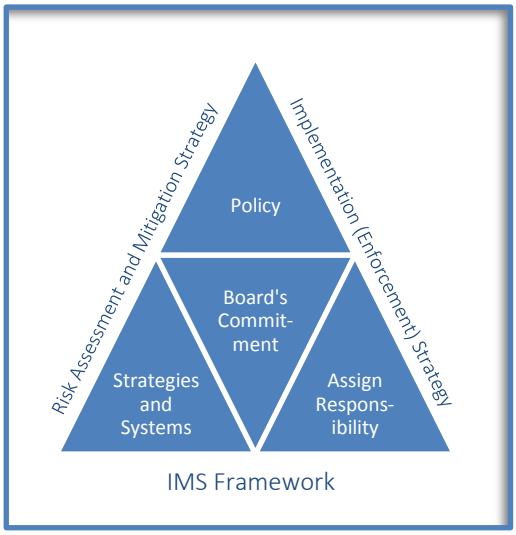
Governments as well as public institutions as well as corporates including multinationals can build on these guidelines Integrity Management Framework that best suits their context and needs.

Road Map to Implementing Integrity Management System [IMS]

Implementing a robust integrity management system entails a holistic approach. It is advisable for the institutions to develop IMS that best suits their unique nature of operations and integrity-risks facing the institution. Nevertheless, a typical IMS framework would consist of four components at its core, namely; Board's commitment, Policy declaration, Strategies and Systems and Responsibility. While its outer core portrays the key outputs, namely; Code of conduct, Risk assessment and mitigation strategy, and Implementation (Enforcement) strategies. Refer to the pyramid on the right.

Steps

- ✓ Mobilize Board's commitment to integrity, using a business model.
- ✓ Document Integrity Policy to attain the credibility of the institution with zero tolerance for any kind of malpractices.
- ✓ Disseminate the IMS policy for wider awareness and acceptance.
- ✓ Functionalize an independent IMS under the direct guidance and control of the Board through the Chairperson.
- ✓ Evolve IMS organization and processes, and integrate them within the bigger organization to effectively and efficiently enforce integrity policy in the letter and spirit.



- ✓ Assess business processes and positions to identify the integrity risk and evolve feasible mitigating and response strategies with specific outcomes and outputs defined.
- ✓ Align the institution's Code-of-Conduct and its efficacy in the light of perceived integrity challenges facing the institution. It should categorically prescribe acceptable standards of moral behavior [Do's and Don'ts] across the board.
- ✓ Shape the operational environment to ensure that all employees and constituents are cognizant of the highest level of responsibility and follow transparent and law-abiding culture while transacting.
- ✓ Develop IT capacity to monitor and trail all transactions with a view to tracking individual interventions made by various individuals to pinpoint responsibility during investigations.
- ✓ Design a user-friendly web-based-system to persuade individuals [constituents and employees] to seek clarity in case of integrity dilemmas arising in the course of doing their job, and to report

malpractices without fail and fear. Preferably direct contact information, phone numbers, email IDs and postal addresses of the responsible person(s) is provided on the web. Face-to-face meetings with the responsible persons(s) should be welcomed without fail.

- ✓ Prepare a comprehensive program to inculcate highly moral culture across the institution. The board must demonstrate compliance to the highest moral values as a prelude to developing moral culture across the organization.
- ✓ Devise and follow a reliable and valid evaluation and monitoring system for the potential and existing incumbents to ascertain their moral reliability.
- ✓ Monitor the general morale of the employees and their "Esprit-de-Corps" to ensure that all employees' motivation is well harnessed and their aggregate dissatisfaction is not affecting their on-the-job behaviors.
- ✓ Violators must be dealt with iron hand and reprimanded, as promptly as possible, in open environment to create deterrence for others.
- ✓ Participative approach in the development stage is likely to benefit the enforcement of IMS.
- ✓ Maintain an active engagement with all the stakeholders to obtain first hand feedback about the integrity performance of the institution. Avoid judgmental and defensive response to what the stakeholders have to say.

Exhibit

Guidelines on Countering Bribery[1]

The Transparency International and Social Accountability International have developed following guidelines on combating bribery as a means to combating corruption/mal practices:

A. Principles

The enterprise shall prohibit bribery in any form, whether direct or indirect.

The enterprise shall commit to implementation of a program to counter bribery.

Bribery is an offer, receipt (or demand) of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something which is dishonest, illegal, or a breach of trust, in the conduct of the enterprise's business. Facilitation which is also called "facilitating", "speed" or "grease" payments. These are small payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlements.

B. Program Aims

Eliminate bribery (corruption)

Demonstrate [their] commitment to countering bribery

Make a positive contribution to improving business standards of integrity, transparency, and accountability wherever they operate.

C. Program Contours

In developing its program for countering bribery, an enterprise should analyze which specific areas pose the greatest risks from bribery.

The program should address the most prevalent forms of bribery relevant to the enterprise, but at a minimum should cover the following areas:

i. Bribes

The enterprise should prohibit the offer, gift, or acceptance of a bribe in any form, including kickback, on any portion of a contract payment, or the use of other routes or channels to provide improper benefits to the customers, suppliers, or employees of any such party or government officials.

The enterprise should also prohibit an employee from arranging or accepting a bribe or kickback from customers, agents, contractors, suppliers, or employees of any such party or from government officials, for the employee's benefit or that of the employee's family, friends, associates, or acquaintances.

ii. Political Contributions

The enterprise, its employees, or its agents should not make direct or indirect contributions to political parties, organizations, or individuals engaged in politics as a way of obtaining advantage in business transactions.

iii. Charitable contributions and sponsorships

The enterprise should ensure that the charitable contributions and sponsorships are not being used as a subterfuge for bribery.

The enterprise should publicly disclose all its charitable contributions or sponsorships.

iv. Gifts, hospitality, and expenses

The enterprise should prohibit the offer or receipt of gifts, hospitality, or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures.

D. Program Implementation

i. Organization and responsibilities

The Board of Directors "BoD" or equivalent body should base their policy on the business principles and provide leadership, resources, and active support to the management's implementation of the program.

The CEO is responsible for ensuring that the program is carried out consistently with clear line of authority.

The BoD, CEO, and senior management should demonstrate visible and active commitment to the implementation of the Business Principles.

ii. Business Relationships

The enterprise should apply its program in its dealings with the subsidiaries, joint venture partners, agents, contractors, and other third parties with whom it has business relationships.

iii. Human resources

Recruitment, promotion, training, performance evaluation, and recognition should reflect the enterprise's commitment to the program

The enterprise should make it clear that no employee will suffer demotion, penalty, or other adverse consequence for refusing to pay bribes, even if it may result in the enterprise losing business.

The enterprise should apply appropriate sanctions for violations of its program.

Managers, employees, and agents (and where appropriate third parties) should receive specific training on the program.

iv. Raising concerns and seeking guidance

To be effective, the program should rely on employees and others to raise concerns and report violations as early as possible. To this the enterprise should provide secure accessible channels through which employees and others should feel able to raise concerns and report violations ("Whistle-blowing") in confidence and with risk of reprisal.

These channels should also be available to employees and others to seek advice and suggest improvements in the program.

v. Communication

The enterprise should on request, publicly disclose the management systems it employs in countering bribery. And it should be open to receive communications from the relevant interested parties (groups) with respect to the program.

vi. Internal control and audit

The enterprise should make arrangements for independent audit of its records especially financial books and statements.

vii. Monitoring and review

Senior management (preferably the Board) should monitor the program periodically and review its suitability, adequacy and effectiveness (efficacy), and implement improvements as appropriate. The program performance should be reported to the Board (or audit committee) on periodic basis.

Reference: Business Principles for Countering Bribery, A Guide to Building Corporate Governance in the 21st Century [Third Edition], Centre of International Private Enterprise.

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Change Management Intervention in a local Bank

– An outsider's review through the glass ceiling

Abstract

Change is the essence of life and, in the context of ongoing globalization and the constant innovation of technology resulting in a constantly evolving business environment; change must be attempted for transitioning individuals, teams and organizations to a desired future state. With the business environment experiencing so much change, organizations must learn to become comfortable with change as well. The ability to manage and adapt to organizational change is an essential attribute required in the workplace today.

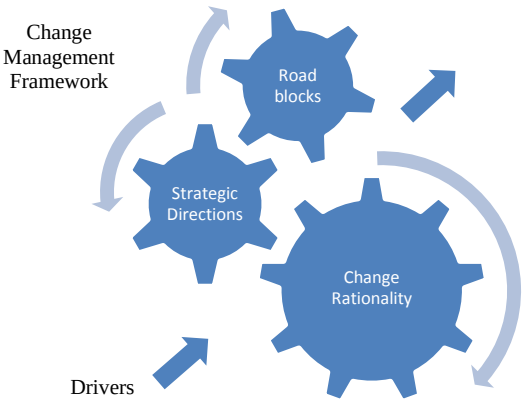
Any attempt to bring about an organizational change to face the challenges lying ahead is, however, quite a difficult proposition as change management programs may not always tend to produce desirable, perceptible, positive results because 'the structure, culture, and routines of organizations often reflect a persistent and difficult-to-remove "imprint" of past periods, which are resistant to radical change even as the current environment of the organization changes rapidly. Yet, every organization must consider change to respond to its emergent environment. In Pakistan, an encouraging example is that of State Bank of Pakistan that demonstrated measurable success in implementing its change management program, though many organizations claim to have achieved success but not in as much measurable terms.

In the analysis that follows, an attempt has been made to review the Change Management program undertaken at a local bank. The analysis has been done with reference to a framework, annexed as "A", and is based on considered and informed opinions of the bank's employees and those of its customers obtained randomly.

Though the bank's change management program was much in line with the industry practices, but it was looked upon skeptically by many inside and outside of the bank for various reasons. The general perception is that initially, the bank's performance showed improvements in terms of profit growth, size of deposit pool, innovation and diversity in financial products. However, the management could not demonstrate any meaningful improvement in the overall governance *per se*, general level of customer service, employees' performance and morale, technology interface, and last but not the least physical environment that contributes significantly to staff efficiency at the branches. All this serves as the basis to support the hypothesis that the correlation between change management interventions and the improvement indicators at the bank were not well established. The analysis, however, remains generalized for I understand that the bank had not developed strategic and operational KPIs for the change interventions.

Conceptual Premise

The bank's change management program has been assessed using the conceptual premise, namely: Drivers, Rationality, Strategic Directions, Road blocks, and the Change Management Framework.



Drivers for change are generally external and internal. Externalities by and large include Technology, Re-regulations, Interest margins, Constituents, and, last but not the least, Capital with "K". These factors cause shift in competition, products and performance. Internalities include general awareness of and commitment to improve and/or reverse deterioration in profits, performance, employee advantage, customer advantage, etc. Externalities and internalities together provide objective basis for building Change-Rationality.

Rationality paradigm has three levels, namely: Performance level, Intervening level, and the Root level. Performance rationality recognizes the need for improvement in revenue, compliance and facilitation. Intervening rationality identifies the need for improvement in products, services, efficiency and effectiveness. Finally, root rationality unravels the required changes in the organizational governance and policies, planning, processes, people and structure.

It is important to remember, however, that interventions must begin at the root level followed by intervening level before change in performance can be envisaged. Any attempt to change performance directly cannot be sustained.

This brings us to the next logical step in the change management process i.e. developing strategic directions for change. This entails deciding what to change across the organization. The organization should make policy decisions vis-à-vis strategic repositioning of the organization at the corporate and business levels, strengthening of governance environment, increase or decrease in capital and change in owners' composition, restructuring of assets, change in people competence level, improvement in processes either via business process re-engineering or improvement, access to technology, change of soft image. It is pertinent to concurrently identify and ideally work out mitigation strategies for the most likely road blocks alongside deciding strategic directions. Common road blocks include lack of clarity of directions, people across the echelons don't share the same perspective, vague / weak planning, stakeholders take competing positions vis-à-vis change, delayed or fragmented implementation etc.

Finally, all the steps described above need to be put together in a Change Management Framework. The framework firstly entails integrating multiple change interventions across the organization into one holistic plan. Secondly, it requires defining key-performance indicators and time lines for each intervention and the interdependences across the entire interventions. The framework will thus provide an efficient and

effective basis for coordination, control and monitoring of various interventions at the operational as well as strategic levels.

Change Management at the Bank

"The Bank" is not just a commercial bank *per se;* its operations are much more complex. Besides maintaining profitable operations, the bank also performs other non-traditional banking functions. However, since it was mistakenly benchmarked with typical international commercial banks hence while building rationality for the change only profit growth was in focus. Consequently, the external challenges and internal problems facing the bank were distorted on one hand and on the other hand strategies for the change were atypical replication of the practices in benchmarked banks.

"The Bank" embarked upon its change management program at about the same time as other Pakistani banks were preparing to change. De-regulation and privatization of the financial sector and stepping-in of numerous new local banks and few multinational banks in the Pakistani banking sector gave impetus to the process of change. The Central Bank of Pakistan (SBP) acted as the catalyst for change by providing new regulations on capital adequacy, consumer financing, prudential regulations, etc. and emphasized on quasi guidelines relating to general business practices such as improving customer service, flat organization structure, need for delegation of powers at the sharp end, etc. Banks preparing to change decided to induct senior Pakistani bankers with international exposure along with international banking consultants at the apex management. Perhaps the idea was that these professionals were in a better position to replicate foreign banking systems and culture. The bank followed suit.

From the very beginning, the bank's management had this view that major hurdle in the bank's progress has been the dilapidated capacities and frozen mindset of the old employees across the echelons. Stereotype financial products, bureaucratic work culture, and lack of technology interface were other major challenges identified by the management. Consequently, the management considered the following change interventions:

- At the onset, the management casted afresh "Vision" for the bank which focused on broad market-based operations.
- On the human resources side, the bank inducted a good number of Pakistani commercial bankers with international exposure, management experts, marketing and IT experts, etc. The bank also introduced qualified fresh business graduates and identified fast track employees internally. The bank aggressively spent on Training and Development with a two- pronged agenda: improve the capacities of individuals and to bring about change from bureaucratic to commercial work culture.
- Marketing was given top most priority during the change process. A team of marketing professionals was inducted at the apex level. Consumer driven products on both sides of the balance sheet were developed and launched to increase deposits and sink deeper into the lending market.
- Massive investments were made in technology hardware and software.
- Considerable investment was made on improving the governance environment. Risk management, Compliance, and Audit functions were adequately strengthened besides engaging the Board

members more intensively for due diligence of the management. Consequently, various Board Committees were activated.

- Senior management also gave much importance to changing the soft image of the bank in the market.

Coincidently, the bank demonstrated increase in profits, deposit size, loan portfolio, etc. However, it did not show any marked improvement in customer satisfaction (perception and tangible value), improvement in its branch environment (soft image), employees' performance and morale in general, technology interface, implementation of good governance environment in letter and spirit, and last but not the least casting a business- like culture. Furthermore, the positive trends attained initially could not be sustained for long.

Impact Analysis

In the following paragraphs, a brief yet an objective impact assessment of the efficacy of the bank's change management program has been presented using a conceptual premise given above. Structured discussions in an informal setting with various employees and customers and author's own first hand understanding of the ground realities provided much of the basis for the impact analysis.

The bank made considerable progress vis-à-vis other players in the financial sector during the years 2002 through 2004. Bank's financial profits and commercial deposit base showed consistent growth during the said period. The bank also introduced new financial loan products, particularly the consumer loan portfolio. It also rationalized its cost of doing business primarily on account of payroll by right sizing the organization. On the governance front, the bank invested in risk management, compliance and audit functions. The bank also made considerable investment in IT systems, On the HR side the bank envisaged paradigmatic improvements through a series of interventions such as revisiting performance reinforcement policies, induction of sizeable number of management trainee officers and a number of trained professionals at the middle and senior level on contractual basis, decentralization of powers at the regional level, etc. The bank also earned recognition of the best performing bank for many years continuously.

A common perception vis-à-vis reforms across the board has been unfortunately skeptical across the echelons and among the customers. The skepticism could be for many reasons. It is believed that the major limitation was that the new face of the bank was envisioned ignoring its holistic scope of business i.e. only the conventional side of the bank was considered for intervention, while other business functions were ignored in totality. Contrary to the general perception about the value attached to the branch banking network, it was also believed that the branches only had trivial significance in the overall value-chain hence Head Offices were given more attention while the branches received peripheral interventions only. Moreover, the employees, both at the senior and operational levels, also believed that the interventions remained fragmented and mostly in terms of business development alone. Consequently, improvements could not be sustained for long nor the improvements were attained holistically. More importantly, it was generally felt that the benefits of improvements were not equitably made available to the employees and customers across the board.

A thorough analysis of the bank's change management paradigm reveals a number of problem areas. Firstly, a cohesive organization-wide change plan and strategies were never put into paper to provide logic and unified directions to various segments of the bank. The individual divisions within the bank incubated and embarked upon the reforms in their respective domains with no inter divisional coordination and, even more ironically, without objective control mechanism. In short, the incubation and implementation of reforms lacked organization-wide rationality and framework. Also, the employees, especially the old ones, were not taken on board nor were given adequate opportunities to participate in the change process. Moreover, the management did not give importance to team bonding between regular employees and new comers nor did it establish an effective and efficient communication link with the employees on the change process - the employees generally lacked full and factual knowledge of the reforms and their rationality in particular. Hence, save a few employees, many did not participate in the change process; rather regular employees were kept aloof while the consultant management and lateral inductees took the lead in the process in most of the situations; majority of employees engaged in the process lacked passion for and ownership of the change agenda besides understanding of the ground realities. Consequently, the interventions so designed lacked ground realities and ownership by the larger community of employees. Resultantly, the bank continually faced functionality problems despite the change management interventions.

- Much of the investment in systems failed to yield results as no performance indicators were identified at the onset of the intervention. For instance, to date majority of its branches are operating off-line which means no improvement in the customer service.
- The management had been focused on short term indicators, which automatically inhibited their commitment to strengthening governance. A couple of frauds in the branches of the bank are example of weak governance. In fact, it has been a big challenge to get the guidelines and standards adhered to, in letter and spirit by the operational management.
- Customer service at the branches had been far behind the expected standards. This can be evidenced by delayed average transaction turn-around-time, dilapidated physical environment of most of the branches and unreliable work attitude of the staff in general.
- On paper, performance improvement has been the bank's one of the top priorities. Consequently, training budgets increased many times. Yet ironically training interventions failed to improve on the job performance. An outside consultant conducted a survey to assess the impact of training on performance. The variables included professionalism, empowerment, profit focus, customer focus, productivity and proficiency, and development. Senior managers across the country were asked to respond to the survey. Sadly, the response was disparagingly shocking - 99% of the respondents were of the view that the impact of training was low to not at all on a scale of high, moderate, low and not at all.
- Work environment had been much politicized. Management–Union interactions, employee postings and promotion decisions were greatly influenced by internal interest groups and external political affiliations rather than business rationale.
- The bank's culture had been one of the strongest bureaucratic-model, which one can experience the moment s/he enters the Head Office premises. Interactions with the employees at the

branches or head offices further reinforce this reality. Ironically, departments and individuals operate in silos.

- Lateral inductions at the middle and senior level and induction of management trainee officers have caused more problems than synergies. Inequity between the new and legacy employees had led to the lack of cooperation and blame-game environment and lowered satisfaction and self-esteem of the legacy employees.
- Empowering field management was a good concept but these interventions never passed the storming stage. Status incongruence, personal interests, rivalries, etc. had been the major impediments. However, sadly the management did not demonstrate commitment to and facilitated the required bonding of the field management.

Conclusion

In nutshell, disadvantages exceeded the advantages of the change interventions in aggregate. Impact analysis suggests following gaps in the change process:

- No explicit rationality for the change was conceived at the corporate level, which led to distortions and disharmonized reforms agenda across the divisions.
- No strategic framework for the change management was developed, which weakened the implementation, coordination and control of the reforms. Change interventions were designed and initiated in silos and without an effective implementation strategy and controls.
- Employees were not prepared, both in terms of their attitude and capacities, to complement the other interventions for a successful change
- Management's participation was confined to initiating the change interventions – photo session. It, however, failed to demonstrate commitment to the process and facilitate the change all along the way.

Lessons Learned

It is generally believed that an effective change management program should conform to certain pre-conditions such as:

- Holistic approach.
- Results focus – long term and short term both.
- Management's total commitment and unconditional support.
- Essentially strategic outlook complimented by operational knowledge.
- Team work outside the boundaries of hierarchies: Participation of people across the organization through all stages of change cycle, in letter and spirit.
- Systematic thinking: Problem diagnosis followed by home grown innovative interventions.
- Interventions should essentially conform to the given context: the legitimate social & psychological contracts and the real challenges and opportunities on ground.
- Integration of directions and speed across multiple change interventions.

- 360^{o} monitoring and evaluation of all change interventions in terms of outcome, output, time lines, budgets and individual (team) accountability followed by corrective actions and reinforcements.
- Last but not the least transparency, legitimacy and rationality in all change interventions.

Exhibit "A"

Framework for Change Management Program

Drivers!

a. Externalities [Change in opportunities, competition, needs and expectations, regulations, environment, etc.]
b. Internalities [Commitment to improve and/or reverse deterioration in profits, performance, employee advantage, customer advantage, etc.]

Rationality!

a. Performance level [Revenue, Facilitation, Compliance]
b. Intervening level [Products & Services, Efficiency & Effectiveness, etc.]
c. Root level [Governance, Planning, Policies, Processes, People, Structure]

Strategies!

a. Repositioning & Strategic Planning
b. Change in people competence level
c. Business Process Re-engineering
d. Technology
e. Improve / change soft image

Road Blocks!

a. Lack of clarity of directions
b. People across the echelons don't share the same perspective
c. Vague / weak planning
d. Stakeholders take competing positions vis-à-vis Change
e. Delayed or inappropriate implementation

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Consumer Credit: Operational Challenges

***Abstract**: Consumer credit, also referred to as consumer debt, is a form of credit made by financial institutions to enable people to purchase goods or services primarily for personal, family or household purposes. It plays an important role in the day-to-day life of the household. In this sector, growing importance is attached to consumption which in turn generates a chain of economic activities that ultimately lead to economic growth. From economic development perspective, consumer finance is perceived as an indicator of economic growth and offers an alternate channel for banks and financial institutions to diversify their credit portfolio and expand their earnings base.*

Consumer credit, also referred to as consumer debt, is an established financial product which serves as an important tool to accelerate economic growth across the globe. The concept of this segment of credit portfolio is based on the need for an institutional arrangement for making available to consumers financing support to enhance their consumption and improve their day-to-day standard of living. In this sector, growing importance is attached to consumption which in turn generates a chain of economic activities that ultimately lead to economic growth. It thus stands out as a source of financial stability and uplifts the economic and social status of the household. By facilitating the consumer to buy the goods and services they need today and pay for them later this credit segment has become a part of life for millions of people world-wide.

Consumer credit is not a new phenomenon or a fairly new invention; it has been around for more than 5,000 years. In the beginning, consumer finance has had smaller footprint within financial economics. Over time, however, it has evolved considerably and is now serving as an important tool to economic growth. Historical evidences suggest that 'cultures around the world have been borrowing for various purposes such as getting enough silver to buy a property or for agricultural loans made to farmers' ('The 5,000-Year History of Consumer Credit' by Jeff Desjaardins, Visual Capitalist, Aug. 30, 2017). It is said that "Sumer - the earliest known urban civilization in the historical region of southern Mesopotamia, modern-day southern Iraq, with about 89% of its population living in cities –first used consumer loans in 3,500 BC for agricultural purposes.

The modern consumer credit boom started in the 20th century with Detroit making automobiles accessible to the great multitude of people. Over time this form of credit facility has continued to grow. Various significant events that followed helped lead to the phenomenal upsurge in consumer credit. According to a study titled "The History of Consumer Credit in One Giant Infographic by Jeff Desjardins, Visual Capitalist, on August 29, 2017, Americans now have over $12.4 trillion borrowed through mortgages, credit cards, student loans, auto loans and other types of credit.

Consumer finance has grown at a rapid pace and has emerged as one of the most promising asset products for banks, especially in mature economies. The demand for consumer credit is potentially huge as it offers lucrative business proposition for banks and financial institutions (FIs). They are practically making abnormal profits after the emergence of consumer financing. From economic development perspective, consumer finance is perceived as an indicator of economic growth and offers an alternate channel for banks and financial institutions to diversify their credit portfolio and expand their earnings base.

Evidence from the past suggest that role of consumer financing is quite significant in improving the quality of life of the people who have the capacity to service their loans. It is offered to individual consumer

segment by formal financial institutions to enable them purchase goods or services primarily for personal, family or household purposes. Under the umbrella of consumer finance, FIs offer a wide range of clean and secured lending products such as auto loans, credit cards, personal loans, consumer durables, house loans and several others which help improve the living standard of the consumer, increase aggregate consumption in the economy and contribute to the economic growth as a whole.

In Pakistan, however, the evolution of consumer finance portfolio is more of a recent phenomenon. Yet, it has recorded a rapid growth and in a short span of just over a decade or so it has developed into a lucrative business proposition for banks and financial institutions (FIs). Under the umbrella of consumer finance, banks and other financial institutions offer a wide range of lending products such as credit cards, personal loans, consumer durables, auto finance and many more. There are still considerable untapped potentials that need to be harnessed.

The present-day upsurge of consumer lending is attributable to a number of drivers such as increased consumption needs, easy access to consumer products, financial liberalization process, the influx of liquidity in the banking sector due to high inflow of remittances in the aftermath of 9/11 incident, easy monetary policy stance of the State Bank of Pakistan and convenience to pay back at an agreed future date. The easy access to purchasing power provided to the consumer by consumer loans facility has greatly helped improve the living standard of the consumers and increase aggregate consumption in the economy. This in turn has generated a range of economic activities, stepped up production of consumer goods and contributed to the development of the country's economy. The most beneficiaries in the process have been automotive industry, consumer durables and housing.

The recent phenomenal growth of consumer financing products and services apart, there are still considerable untapped market potentials that need to be harnessed. The State Bank of Pakistan (SBP) has introduced an elaborate regulatory framework for the consumer credit operations in order to facilitate Banks and FIs to unleash the untapped market potentials on the one hand and to ensure safety of the depositors' money and banks' interest on the other. The institutions offering consumer financing would do well to benefit from these regulations and take appropriate measures to tap the untapped market potentials in order to ensure the growth of a vibrant consumer credit market on sustainable lines.

Notwithstanding the multifaceted benefits that it offers, consumer credit is not an unmixed blessing or altogether a risk-free proposition; like other forms of credits, it is also vulnerable to the risk of losses to the financial institutions which at times may be humongous owing to the nature and level of mismanagement; lack of professionalism; and, deviation from the established norms, rules and procedures. Moreover, non-availability of credit history and business data of the consumer-borrowers, aggressive selling so much so that standard policies and norms are deliberately deviated, and last, and the role of the third party agencies have been some of the debilitating factors that contributed to the vulnerability of consumer finance to the risk of losses. An example of mismanagement of consumer credit portfolio is to be found in the US sub-prime mortgage saga that led to global melt down of financial system. In the past, banks in Pakistan also suffered considerable losses on consumer credit portfolio when lust eclipsed professionalism, and the banks became overwhelmed for selling consumer credits and deviated from standards of prudence and established rules, norms and practices.

Yet other negative impacts of the increased volume of consumer lending on the macroeconomic front have been noticed as increased imports of consumer durables due to the inability of our industry to compete with the Chinese products, which swelled the country's import bill thus exerting pressure on

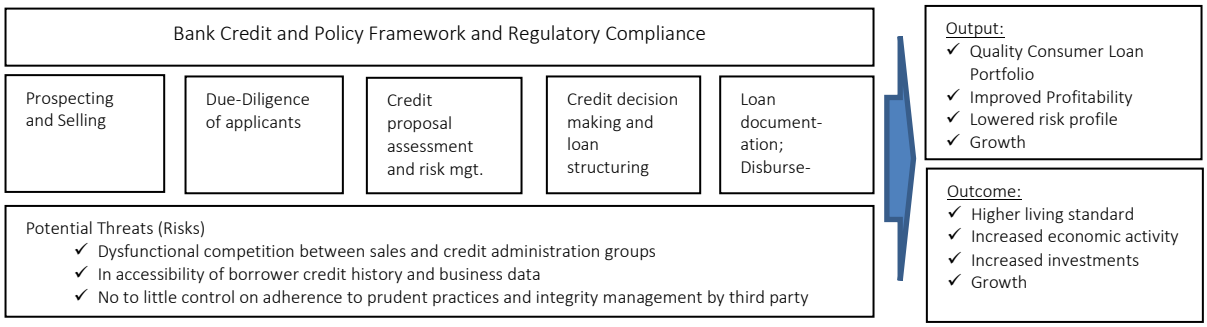
local currency; speculation in the real estate which inflated the prices beyond the obvious; and last but not the least it led to demand pull inflation to an alarming extent.

It is pertinent, therefore, that timely effective measures are taken to overcome the bottlenecks that may impede the ongoing rapid growth of this vibrant consumer credit market on sustainable lines. We feel the banks/financial institutions are cognizant of the risks and should have already strategized to avert the risk but, if not, it would be advisable that the consumer financing decisions are made subject to the risk management criteria pursued while processing applications for other forms of credit facilities. The process may inter alia include, identifying source of repayment and assessing customers' capacity to repay, his/her past dealings with the bank/DFI, if any, and the customer's net worth and the purpose for which the consumer financing is required, besides the latest information obtained from a Consumer Credit Information Bureau about the credit history of the customer and a written declaration from the customer containing details of all the credit facilities availed from other banks/financial institutions. Further, the assessment report may also incorporate the aggregate amount of fixed & variable expenses of the borrower as part of an effective risk management process. Banks are also expected to take reasonable steps to assess and verify the income of borrowers through different modes and, depending upon the underlying risks, review and update income assessment mechanism on periodical basis. The reasonable timeline for periodical review of income assessment mechanisms shall be specified in the relevant board approved policy. While doing so, the constraints and dissatisfactions perceived by customers from time to time in trying to avail of the consumer financing also need to be addressed simultaneously.

Much of the weaknesses in the system may be removed if the various regulations formulated by the State Bank of Pakistan are followed in letter and spirit. In addition, the following measures would greatly help to ensure the quality of consumer credit in future:

Consumer Credit Supply Chain Analysis

A typical consumer credit supply chain consists of a set of output and outcome variables as the end product of the chain; Policy and regulatory environment; and, a set of five stages of credit application processing. Efficacy of prospecting borrowers and their due-diligence are critical to the quality of a future credit. Hence, major risk vulnerabilities are generally spotted at the selling and applicant due-diligence stages. Inhibitions to process credit proposals and make right decisions at the later stages are very much dependent on the efficacy of first two stages – garbage in, garbage out.


Bank Credit and Policy Framework and Regulatory Compliance
Prospecting and Selling
Due-Diligence of applicants
Credit proposal assessment and risk mgt.
Credit decision making and loan structuring
Loan document-ation; Disburse-
Potential Threats (Risks)
✓ Dysfunctional competition between sales and credit administration groups
✓ In accessibility of borrower credit history and business data
✓ No to little control on adherence to prudent practices and integrity management by third party
Output:
✓ Quality Consumer Loan Portfolio
✓ Improved Profitability
✓ Lowered risk profile
✓ Growth
Outcome:
✓ Higher living standard
✓ Increased economic activity
✓ Increased investments
✓ Growth

A good consumer credit decision has the following manifestations of output and outcome, namely; quality loan portfolio, improved profitability, minimized risk and growth on the internal level; and, higher living standard, increased economic activity, increased investment and economic growth on macro level.

Selling has focus on prospecting buyers of consumer credit on the premise that "More is Better". Selling is generally driven by quantitative business targets. Next stage is due-diligence of the prospects (applicants). Applicants' biographic and financial data is obtained and analyzed to assess their legitimacy and financial capacity to afford a credit. A minor deficiency in the legitimacy and/or financial capacity of the applicant may lead to rejection of the loan application, which means lesser sales. Subsequent stage is of analyzing the applicant's data in a holistic manner followed by preparing a Credit Proposal Document. This document is then considered for approval / denial in the fourth stage.

What has been mentioned above underlines the importance of each of the five stages in making credit decisions on merit in order to control the output and outcome. In the following lines, let us analyze each stage in somewhat detail to unravel the risk vulnerabilities.

Gap Analysis

The consumer-credit supply chain has three major loose links: Banks' organizational structures are less synergistic, which have led to dysfunctional competition within banks' functionaries– Sales staff gets target to sell more that directly conflicts with risk managers' role in ensuring quality assets portfolio. Although theoretically the coexistence of the two provides for weeding out the potentially bad loans, in practice it is observed that at times former eclipses the latter. Another pertinent weak link is that of inaccessibility of valid and reliable credit history and business data of the borrowers, especially of the self-employed ones. In many cases, banks rely on the information provided by the borrowers. Last but not the least, third party borrower due diligence agencies lack resources and confidence of the banks: banks have no or little control on third party due diligence agencies on adherence to prudent practices and integrity management in conducting customer investigations and preparing reports. Let us look at each risk factor in detail:

a. Loose Link "Prospecting and Selling"

Gone are the days when there were fewer banks and comparatively scares liquidity and the customers used to run after the bank for credit. The ongoing is the buyers' market in which so many banks with fairly good levels of liquidity compete for customers in the same cluster. All this has mandated a shift from introvert to extrovert selling culture. As nothing comes free, this shift has come with many risk vulnerabilities, which, if not squared, can result into losses which at times may be huge enough to lead to bankruptcy.

Why selling is so vulnerable? The answer is simple. Banks give targets and promise carrots for the successful attainment but do not make the sales team responsible for the output and outcome. Moreover, banks often ignore the significance of integrity breach of which may be potentially hazardous for future growth. Banks tend to grow through interdependence and cooperation of all the actors across the supply chain. But when one process team begins to compete with the other blindfold as their goals tend to conflict, it leaves them in the lurch.

The sales team is all out for maximizing the quantitative targets. In doing so, particularly in the absence of holistic perspective and robust integrity management system, they have all the right and wrong means at their disposal to sell. This statement, however, cannot be generalized across the industry but is true in many scenarios. It is also noticed that there have been incidents of the use of illegal means such as bribery which has led to illegitimate connivance of sales individuals with the prospects. Once the author was in discussion with Area Sales Manager and a Branch Manager of a Commercial Bank. The bank needed a positive income estimation report from the income estimation agency. During discussion it transpired that a positive income

estimation report could be obtained easily, if not from one agency, it could easily be obtained from another agency.

b. Loose Link "Due Diligence"

The due diligence process of a consumer credit consists of checking applicants' primary data like residence verification; employment verification; income verifications and projected future income estimates or debt servicing ability; and last but not the least, verification of assets with a view to assess applicants' net worth and financial solvency. Assets valuation generally does not apply in consumer credits, unless the ticket value is high such as house financing. Although the above is the minimum standard prescribed under the SBP Prudential Regulations for Consumer Credit, in the context of emerging FATF regulations and their widening implications it would be pertinent to expand the scope of due diligence to also cover screening of the applicants from FATF perspective.

The process of due diligence should be in dependent and from influences. In a recent interaction with Director, Consumer Protection Department of SBP, it transpired that "Under the Credit Bureaus Act, 2015, private credit bureaus can collect and disseminate the credit data from both financial and non-financial institutions including retailers, insurance companies, utility providers and landlords, as notified by the federal government. They can undertake credit scoring, consolidate credit data for analysis and research purposes, etc. This would also increase the coverage, scope and accessibility of credit information for better credit decisions".

Regarding importance of due diligence in lending decisions, the Managing Director of a top of the line private credit scoring agency when contacted observed that, "Future of consumer credit in particular lies in the quality of due diligence. Currently, our due diligence system is in the infancy stage but I am positive it will soon evolve into a full-fledged system. It is only a matter of time when we will have a due diligence system of international standard. Inaccessibility to business/credit data by public (agencies included) is the major handicap facing the agencies".

The advantage of delegating the pre-approval due-diligence of credit applicants is clear: independent opinion. Moreover, it is economical for banks to outsource this function as it is a field work and prospects can be as widely dispersed as one can think of. Moreover, doing this requires specialized market knowledge. However, it is observed that such agencies are vulnerable to undue influence by the applicants and bank's sales team to get the reports as per their desires. The former is an integrity issue (or lack of integrity management system) while the latter is so because of the fact that agencies' reward i.e. repeat business is mostly dependent on the satisfaction level of the sales team. Any deviation or resistance can be havoc for long term business prospects of the agency: can any agency afford this?

The sales team generally demands certain criteria to be met in the report, such as; a positive confidence level irrespective of the stable income sources and objective evidence of the claimed income, and pricing of assets at a higher side to increase net worth etc. Moreover, they expect to overlook grey areas of the applicant, such as; when the applicants' ownership of assets or a business is unclear; business sustainability is doubtful; risk factors are abnormal; or if any other legal or commercial lacunas are present. In short, they want a clean report whereby they can sell the credit, however, riskier it may be otherwise.

It would be unfair to pin point the dysfunctional role of the sales team alone. The outside agencies are also equally responsible, for, in order to get repeat business, the standards of prudence are often compromised

as some of the agencies offering valuation services often succumb to the customer's demand and knowingly compromise with the quality of credit report; they guarantee a positive report in return for a meager amount of gratification. All this has down played the due diligence process to a mere completion of formalities. For example, Income Estimation Reports merely contain certain accounting jugglery to reflect desired financial position, rather than the real worth of the asset, with total disregard to its impact and implications on projected income of the customer and his/her repayment capacity. Similarly, assets' values are often ascertained on the basis of quoted prices on certain websites or in the market, which are merely "asking-prices." In doing so the distinction between "income verification" and "income estimation" is ignored. As a result, the report is more of a qusai income verification rather than income estimation.

Way Forward

Fixing the loose links will be the key to improving efficacy of the supply chain. We feel it would be pertinent to make the following interventions, namely:

a. Responsible credit prospecting and selling policy: Performance of sales personnel should be linked with credit quality. Their performance indicators should have a blend of quantitative and qualitative targets. In the Philippines the credit sales persons are asked to write an indemnity in favor of the bank to protect loan losses.

b. Expanded Role of Credit Administration (CAD): It needs to be enlarged to cover quality assurance of out-sourced processes. Furthermore, the CAD may ask for basis of the report in order to ascertain its objectivity and reliability. One of the commercial banks in Pakistan has already initiated this practice, others may follow suit. Moreover, some banks have the practice of internally reviewing the assessment of third-party agencies to ascertain the reliability of their reports.

c. Integrity Management System: An integrity system should be developed to deter potential connivance between various players in the sales and due diligence process.

d. Due Diligence Standards for Third party Agencies: Due diligence standards should be defined in verbatim, and a comprehensive training of staff should be conducted for third party agencies.

e. Monitoring and Evaluation: A robust monitoring and evaluation system of third-party investigation agencies should be put in place to ensure compliance of standards, efficacy of the operational processes and integrity system through periodic audits. Pakistan Banks' Association can play an important role in this regard.

f. Accountability: Change in the policy is needed to make sales team; CAD team and third-party investigation agencies accountable for violating prudential regulations, bank internal policies and standards due to mala-fide intentions or otherwise.

Sohailuddin Alavi & Jauhar Ali, (July – September 2018) Journal of the Institute of Bankers Pakistan

Complaint Response Management

Must Go Beyond Rhetoric

Someone once had rightly written, "Banks sell performance of their people". In the contemporary competing culture, do banks really build focus on this statement in defining their customer service standard and of course customer compliant response processes beyond rhetoric. This short article explores the situation, particularly vis-à-vis Complaint Response Management process.

Sub-Standard service to customers is something that oftentimes customers have to digest under the disguise of lack of awareness of their rights or complacency, but for how long? I cite a recent incident that I came across in a big local commercial bank and I quote, "There was this customer who had reported service standard violation to the Customer Complaint Centre via email. He was promptly responded with much commitment from the said Centre on the email. Subsequently, an officer from the concerned branch contacted the complainant. He was seemingly pretentious about the incident and tried to diffuse the whole thing at his level. When the complainant refused to accept his rhetoric explanations, he was then contacted by the area management group over the phone. The lady on the on other side of the phone was very polite. However, in the first place she intelligently attempted to down grade the severity of the complaint by referring to it as [Low Service] whereas the complaint had much clearly identified violations of service standards and apathetic response of the staff on site, including the Branch Manager. After presenting a few lame excuses in a pretentiously apologetic manner she tried to convince the complainant that this will not happen again without giving any commitment to specific remedial action(s) that management will take; like mending service policies and employees' performance monitoring processes, etc. After all this long conversation, she finally came to her point and asked the complainant to close the complaint. In nutshell the strategy, which both of the bank representatives had followed was of diffusing the incident by using rhetoric conversation – or rather tactfully sliding the complaint under the carpet – not really showing seriousness to mend the system". Unquote.

Having set the stage, let us discuss a pragmatic approach to complaint response process and identify the gaps in the present scenario that prevents the process from moving beyond rhetoric.

Complaint Management System

Complaint management system exists within the echelons of all the banks, with some variations depending on the strategic outlook, size of the bank and last but not the least work culture. The complaint management system usually operates independent of operational hierarchy, reporting directly to the senior management. Having said this, in some banks the complaint management system is a multi-tiered organization allowing the aggrieved customers to escalate their grievances to higher levels in case of no response from the front end (Call Centre). Some banks, however, do not offer complaint escalation per se, leaving the aggrieved customer only to interact with the front end (Call Centre) in the first instance as well as at a later stage in case of no response.

In addition to the internal complaint management system, a Customer Protection Department operates at the State Bank of Pakistan and also a Banking Ombudsman Office has been established as an independent

body now working under the Federal Finance Department. Both departments are open to receive complaints from the aggrieved bank customers directly. These departments function as mediators between the aggrieved customers and banks, generally acting as saviors of customers' interest. Definitely, the introduction of these departments is a positive contribution towards resolution of customer grievances.

Types of Customer Complaints

It is observed that customers' complaints relate to a variety of manifestations: common complaints relate to undue financial compromise facing the customers; lack of compliance to the basic service delivery standards; and, last but not the least mishandling of customers by the bank staff.

One can say that all the manifestations of customer grievances listed above have their roots in the staff performance, which in turn largely a dependent variable of organization systems: policies, authority, processes and employees' performance management esp. discipline.

Complaint Response Management System

I have evidence that unfortunately banks' usually follow a stereotype approach towards resolving the complaint. It would not be wrong to say that as per usual practice; once the complaint is received by the customer complaint department it shifts the responsibility of investigating and redressing the complaints to the operations management. In majority of the instances operations management spend their resources in defusing the complaint, for they are part of the hierarchy to which the subject staff also belongs. Hence the operations management takes a competing position vis-à-vis aggrieved customer and defends their position instead of maintaining neutral position as justice entails. Mostly they work with this objective of convincing the aggrieved customer to close the complaint. They succeed in doing this by dealing with the aggrieved customer at emotional level to cool him down, without really redressing the situation. Hence while they get a clean chit the vulnerability of reoccurrence of similar mal-performances continue.

Where customers' grievances relate to financial compromise banks initially try to save their neck through technical-legal arguments to support their actions notwithstanding the validity of the underlying issue. They only compensate the customers either in case they fail to sustain their arguments or the customer happens to know someone influential to prevail in the situation. In respect of complaints relating to violation of basic service or harassment, again the operations management representing the concerned branch or staff takes a defending position and by using rhetoric they try to cool down the customer with an ulterior motive of saving the branch and/or concerned staff. Their target is generally to convince the customer to close the complaint.

Some banks give the right to their customers to escalate their complaints in case of unsatisfactory response from the front end. However, there are bank, which do recognize this right of their customers and compel them to accept the fate they get from the front end.

It is the choice of aggrieved customer to engage the Customer Protection Department of SBP or Banking Ombudsman in the resolution process. Their inclusion does improve the chances of re-dressal of customers' grievance. But unfortunately, these organizations have more of advisory/mediating role hence they are

constrained by their mandate to require banks to mend their policies and processes so as to prevent reoccurrence of similar situations leading to customers' grievance.

Way Forward

It would be interesting to outline an effective complaint resolution management before going forward to highlight the missing ingredients and build recommendations.

At the onset let me add that it is a recognized fact that internal work environment plays significant role in mending people performance. Having said this, an effective complaint resolution management should primarily focus on plugging the loop holes in the internal work environment besides redressing the customers' grievance in a bona-fide manner. In short, a complaint from the customer is a whistle blown against the system in particular.

Going forward it is imperative to put in place an independent structure to investigate, analyze and redress complaints in a fair and bona-fide manner. Engagement of personnel from the operations only distorts the whole process, for obviously they are directly or indirectly responsible for the lapse in performance.

A scant review of the existing complaint resolution management reveals a number of missing ingredients in the back drop of an effective complaint resolution management framework:

a. In the existing scenario it seems that the Customer Complaint Department engages the second tier of operations management to further investigate and redress the complaint, which presents a clear conflict of interest. Besides, it also allows the concerned branch to tag the customer. Doing so the customer will be vulnerable to face biased attitude and harassment from the concerned branch staff.
b. Furthermore, it is observed that complaint resolution management does not consider need for mending the internal environment hence the cause remains only to expect similar lapses continue to arise in the future. Put it differently, the complaint resolution management works in isolation.
c. Last but not the least it seems that all efforts are directed towards defusing the grievance at the customers at the emotional level alone. Hence the whole process becomes rhetoric.

In view of the strategic business rationale of a robust complaint resolution management it is imperative to consider the following improvements:

a. Complaint resolution management responsibility needs to be assigned to an independent team, preferably within the echelons of Internal Audit.
b. The head of complaint resolution management team should report to Audit Chief / Board Audit Committee.
c. All complaints should be considered "Whistle Blown" and a close analysis of relevant policies and processes needs be conducted in order to determine the reasons that caused performance laps by the staff.

d. The complaint resolution management team should directly communicate with the aggrieved customer and should not route communication through the operations team.
e. Remedial actions should ideally consist of appropriate performance reinforcement along with recommended changes in the policies and processes.
f. Last but not the least, customer identify should remain confidential from the operations to avert any chances of customer vulnerability to face biased attitude and harassment from the concerned branch.

Sohailuddin Alavi (April – June 2019) Journal of the Institute of Bankers Pakistan

Challenges facing Banks vis-à-vis Outsourced Credit Information

Abstract

Credit creation is an important function of banks to generate economic activity; catalyze enterprise development and augment consumer spending. Banks, however, are constrained to do so without a robust risk management system, for they are the custodians of public deposits: Loss on their assets directly causes loss to public.

Risk assessment (due diligence) of the subjects (borrowers) is of utmost importance in the credit value chain. Ironically, the prevalent capacity of third-party risk assessment of the subjects is far below the minimum standard. It would not be wrong to say that at present credit reports produced by third party agencies only suffice to the ritualistic compliance of regulatory requirements.

Major constraints include a number of strategic factors. Of all, quasi-professionalism is at the fore front followed by a host of other factors. Lack of verbatim regulations for third party agencies; absence of professional standards; non availability of business data in public domain; and last but not the least vulnerability to corrupt practices are a few major restraints.

Introduction

Credit process occupies central position in the profit function of any commercial bank. Whether a bank extends collateralized loans or on-balance sheet financing, credit decisions are based on credit information. In a prevalent collateralized lending, fair market and net realizable values of borrowers' tangible assets is of prime importance in determining safe credit exposure. Income estimates and business and financial risks assessment provides objective basis to determine credit exposure in case of on-balance sheet lending in particular and collateralized financing in general both for business and consumer loans.

Conventionally banks used to perform due diligence of the borrowers' and their business on their own. At one point it was considered as a conflict of interest. It was argued that banks could manipulate the investigation in their favor. This led to the emergence of third-party due diligence agencies, to provide independent and unbiased credit information to banks or any other lending agency. It is now a global business model to which Pakistani financial industry is no exception. Whether the emergent third-party due diligence has added value or not in the context of Pakistani financial sector is the focus of this article.

It would not be wrong to say that there has been literally mushroom growth of third-party due diligence agencies in Pakistan. These agencies have dual roles. They conduct due diligence of the borrowers on their own as well as function as agents of international credit reporting agencies allowing the banks to access credit information of international business counterparts of their customers. The former function Author: entails certain level of professional competence and outreach, while the latter function is more of a link pin between international credit agencies and the banks.

A number of useful credit due diligence services have evolved over time. However, the question about their reliability and validity for the banks is difficult to answer. In this paper I shall attempt to unfold the gaps that exist in third party due diligence reports. Major due diligence services include:

a. Assets Valuation

b. Income Estimates

c. Business Credit Reports

Analysis

Before I analyze each service, let me identify a few strengths and weaknesses of third-party agencies. Theoretically speaking, these agencies mobilize specialized resources (people and information) needed to conduct due diligence. Besides, the agencies have wider access to customers and their markets as compared to banks and finally they are cost efficient. Nevertheless, in typical scenarios the business model (profit function) of these agencies is based on minimized cost of operations to compete on price and optimize profits. Ironically, being a service business, this means low paid employees. As the saying goes, "You pay peanuts, you will get monkeys". Unfortunately, this saying reflects the typical culture of these agencies. Obviously, the professional capacity of their employees is generally of clerical nature: Generally speaking, they lack minimum professional training and education even at the managerial level. Besides, these agencies are vulnerable to dysfunctional facilitation to bank customers for trivial gains as practically no monitoring framework exists within the agencies to keep check on the employees' integrity and at the regulators' level to ensure institutional integrity of the agencies. Last but not the least, the agencies deny any responsibility whatsoever in the event of the loan that becomes classified; a President of a Commercial Bank remarked. It would not be wrong to conclude that until the weaknesses are improved upon; and, professional standards are implemented in the letter and spirit, the output of these agencies shall remain a costly ritual for the banks.

a. Asset Valuation

Asset valuation is a specialized and diverse function. It covers land and building; plant and machinery; stocks in trade; business as an entity; intellectual property rights; IT systems; and product brand equity; and, last but not the least project valuation which is a composite of many different valuations described above. In the context of usual requirements of banks, valuation of land and building, stocks in trade and plant and machinery are in vogue.

Valuation is a process of assessing "fair market value" and "net realizable value" of an asset at a particular date in the context of a specific purpose. For instance, value of an asset for the purpose of reporting in the financial statements would be different from its estimated forced sales value or net realizable value. A fair market value is more relevant for acquiring the subject asset and buying its insurance cover. Sometimes, fair market value is also used for re-evaluating assets on the balance sheet or assessing the worth of a going concern. Net realizable value of an asset is more relevant in the credit Author: decision making or from business liquidation perspective. It provides a basis to estimate safe credit exposure and expected minimum cash inflow in a liquidation scenario.

It is pertinent that neither a business entity provides nor a bank accepts collateral (asset) as a primary source of repayment of loan. Instead collaterals are available to banks as last resorts for salvaging their loans if they become bad. Selling of mortgaged collaterals for salvaging loan entails a costly legal process. Likewise, setting-off outstanding loans against charged collaterals like financial papers and stocks in trade are subject to market risk in a forced sales scenario. Hence, it is important that while estimating net realizable value of an asset, due consideration to the expected legal cost and forced sales risks factors are duly accounted for.

Having said so, it is evident that asset-valuation task requires diverse skills-set of professional standard. Such as, relevant technical knowledge; trade and market knowledge; and, financial skills. Besides, the team should be well conversant with international valuation standards commonly referred to as IVSC and local regulations. These are basic requirements for conducting asset-valuation on international standards. Ironically, the valuation reports generally produced by the quasi-valuation gurus are merely a memorandum of asset description and financial value without any substantiation what to talk about IVSC standards. In many cases, fair market values are bench-marked with quotes available on web portals and net realizable values are discounted fair market values on thumb rule basis. The valuation reports lack qualitative analysis of the assets and inherent risk factors therein. I have basis to say that at times, financial value is estimated as a result of bargaining between the customers (asset owners) and banks.

Sadly enough, Pakistani valuation agencies cannot afford professionals per-se and let go the need to comply to international best practices in the back drop of their typical business model and complacency of the bankers. To overcome the gaps, encouragingly the Securities Exchange Commission of Pakistan has initiated formulation of laws and regulations to systematize the valuation business on international best practices. The emerging initiative rightly requires implementation of International Valuation Standards (IVS); up-gradation of human resources; compliance to laws and regulations; etc. Nevertheless, the initiative is facing resistance from the quasi-valuation gurus under the cover of stakeholders' participatory discussion.

b. Income Estimates

Income estimates are validation of customers' income on as-is basis as well as estimates of future income streams. These are mostly used for assessing self-employed small and medium entrepreneurs' financial capacity. Unfortunately, the situation in this service is not much different from asset-valuation. In practice the Income Estimates are limited to validation of as-is income only. Above that validation process lacks conforming to minimum standards. Instead of constructing financials independently by collecting financial data on 360o the information provided by the customer is generally used for the purpose. It is pertinent here that at many instances, subject companies maintain skeleton financial and business data, which is highly vulnerable to tempering.

Once again, the human resources capacity and organizational systems of third parties fail to meet the minimum training requirements and systems standardization, respectively. Low cost business model and apathy on the part of banks are major constraints in this service too. Lack of standardization also contributes to the vulnerability of mal-practices leading to forced income estimates.

c. Business Credit Reports

Typical business credit reports portray credit history of a business entity. FICO model suggests following aspects of the subject, namely; payment history, amount owed, length of credit history, new credit (borrowings), types of credit (loans) used, and litigations and adjudication history. Payment history reflects how disciplined the subject has been in making loan repayments on time. Amount owed is the current total outstanding against the subject. Length of credit history tells us since how long the subject has been borrowing. How much the subject has borrowed recently and through which credit instrument, such as term finance, credit line, personal loan, credit card, etc. are reflected under length of credit history and types of credits. Litigation and adjudication history cover the actual data of legal proceedings that have taken place against the subject.

In the context of Pakistan, this information is easily available from eCIB of State Bank of Pakistan, however, only to the member banks. Third party agencies cannot access this information as it is not available in Public domains. They resort either to the subject itself or the registry in case of limited companies to access this information, however limited it may be. So practically, third party agencies are not capable of writing a credit report. Nevertheless, since it is business of selling, third party agencies provide Business Credit Reports under the disguise of a Business Information Reports.

A typical business information report in vogue consists of general description of the subject's business: Nature of business, date of incorporation, products, major customers, major suppliers, financial data, asset base, contact person and his or her contact details. Preferably, the information is solicited from the subject directly. However, if the subject refuses to provide the information, which is a usual scenario, then skeleton information is gathered from registry, website, etc. to fill the report. On the prima-fascia of the reports, I have basis to say that analytics are not done save few financial ratios on thumb rule basis. Interestingly, with the skeleton information even credit rating of the subject is done on intuitive basis, which does not have value beyond a ritual. Two major factors can be highlighted being responsible for the prevalent scenario, namely; quasi-professionalism and lack of credit data in public domain. I leave it to the reader to decide if such documents should be considered as credit reports?

Problem & Recommendations

Purpose of "due diligence" is to provide reliable and valid information for allowing the banks to make informed credit decisions: To decide whether to take exposure or not with a particular subject, and what are the risks and how best the same can be mitigated. In local context, third party credit information agencies seem to have failed to deliver expected value in the context of reporting reliable and valid credit information of the subject. Due diligence is a highly complex process and it entails specialized professional capacity of the agencies engaged in this business. Unstructured nature of business operations and financial data of the subject posse biggest constraint in producing reliable and valid credit reporting. Non availability of business information in public domains is yet another reality facing the industry. Finally, price competition in the market has constrained professionally astute agencies (professionals) to enter. Consequently, quasi-professionals are prevailing in the industry.

The industry needs to be regulated in the letter and spirit encouraging astute professional entities like Professional Accountants to enter in the industry; formulation of regulations requiring subjects (businesses)

to publish their non-specific business and financial data in public domain; eCIB should be allowed to offer similar information to the public as well; integrity management systems should be implemented to avert possible mal practices; last but not the least international standards and best practices should introduced.

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Role of Autonomous Bodies in the Government: Analysis and Way Forward

Preamble

Term "government" is a wider concept. However, in narrower sense it may be referred to as a system whereby country's socioeconomic activities are governed. Government functions through specialized organizations. These organizations are classified either as divisions/departments; autonomous bodies; or, corporations. The nomenclature manifests type of administrative control and nature of activity that each organization is designed to undertake.

This article is written in an attempt, to analyze the role of autonomous bodies within the government echelons; unravel the underlying reasons as to what inhabits the performance of these entities in general and to discuss way forward to overcome the hurdles.

Government Administrative Structure

Administrative structure acts as an essential platform for instilling efficiency, effectiveness and discipline in the organizations. Government administrative structure in Pakistan consists of attached Divisions and Departments at the federal and provincial governments, respectively; autonomous bodies; and, corporations (body corporate).

Divisions and Departments are headed by Federal and Provincial Secretaries, respectively. The secretaries then report to the Establishment Secretary at federal level while respective Chief Secretaries at the provincial level. Common among these entities is their mandate to perform Government Admiration *per se*. To name a few, these includes District Management, Law enforcement, and Tax administration entities. Apart from stability of structure, ease of control, and consistency in directions, the divisions and departments are sometimes considered overly bureaucratic and less efficient.

Concept of autonomous bodies was introduced to overcome the dysfunctional bureaucratic effect and improve work efficacy by delegating the administrative and operational level authority to a board (management board[1]) of an autonomous body which the Government directly appoints and controls. The Board exercises its delegated authority for matters specifically relating to administration and operations of the respective autonomous body. By no means the Board should replace government. Nevertheless, the nature of activities that autonomous bodies undertake is typically governance and administration.

Government Corporations (or "body corporate"[2]) are a different variant within the government echelons. By definition, and their scope of work, such entities are engaged in producing and delivery of goods and services for the benefit/consumption of public. Unlike other government entities government corporations are mandated to earn profit to sustain their continuity. Hence, government corporations are essentially self-reliant bodies which are required to meet their administrative and operational expenses out of their own purse while maintaining an independent balance sheet. The government might provide some grants or loans to these entities as a relief measure in case of any hardship. Pakistan International Airlines (PIA), Pakistan Steel Mills (PSM), Water and Power Development Authority (WAPDA) are example of such entities. However, these entities have now become a burden on the National Exchequer, raising questions regarding their nature and quantum of autonomy.

From the above it is clear that government divisions (departments) and autonomous bodies have a distinct role as compared to the government corporations ("body corporate"). The former entities have the responsibility of core government administration, while the latter entities are engaged in producing/providing public service (products) thereby generally earning profit and having their own balance sheet.

Analysis

Role of the Board: The "board" of an autonomous body avails delegated authority in matters of administrative and operational nature. The board therefore must exercise its given authority within the bounds of the Act and directions of the concerned Government. But it is often observed that the board by exceeding its given scope of authority proclaims government's authority to govern and authority to amend the Act. In short instead of representing the government, the board proclaims to be the government itself. Having said this, there is a sheer lack of role clarity at the board members' level. Moreover, the board members are not adequately exposed to the international and national best practices in governance.

> Comment from an Accomplished Retired Senior Bureaucrat…
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> Quote, "This is a typical dilemma of autonomous government bodies in Pakistan: Everything is handed over to a small group of individuals (Board) and the Government itself assumes a dormant position then an irreparable loss is made to these institutions. Even a few nascent autonomous bodies are sadly on the trajectory of similar outcome." Unquote.

Administrative Culture: As a principle an autonomous body is required to develop its own stream of specialized employees across the cadres thus developing a less bureaucratic culture as prevalent in divisions and departments. However, it has been observed that a group of bureaucrats from a particular division or department find their way into the board and operational echelons of autonomous bodies thereby creating their cartel (or controlling influence). Doing so the very purpose of an autonomous body is diluted and the idea of developing a specialized stream of professional employees is sabotaged in totality. As a result, the autonomous body ends up as another bureaucratic unit.

Management: In the absence of explicit policy guidelines and monitoring of the board's performance indicators by the Government, the administrative and operational autonomy given in the Act is usually interpreted by the board to their advantage (gratification), which at many instances has resulted in freewheeling. For instance, by proclaiming authority as it may fit the convenience of the board; proclaiming authority to induct people of its choice particularly at lateral positions either through deputation or from the industry to strengthen their clout often times disregarding the organizational needs and merit. Moreover, it is observed that the board acts as the absolute authority and affords extravagant financial and non-financial benefits among themselves and employees disregarding the organizational feasibility and equity. This results in excessive organizational liability at no additional marginal productivity of the board and its employees.

Sovereignty: Surprisingly, however, the distinctive concepts of an autonomous body and a corporation are distorted even in the minds of law makers. Consequently, autonomous bodies are being considered as a variant of a corporation. Although such entities have core government administration function contrary to the corporations' mandate of producing goods and services for profit. To name a few, autonomous bodies include Boards of Investment; Federal Board of Revenue; Provincial Revenue entities, etc. While corporations are Pakistan International, State Bank of Pakistan; National Bank of Pakistan; Utility Stores Corp; Pakistan Steel Mills; etc.

The most emerging evidences to this are the initiatives of rather nascent Punjab and Baluchistan Revenue Authorities. Although these entities have a clear mandate within the core government administration i.e. to administer taxes at the provincial level, they have somehow declared themselves as "body corporate" and have it endorsed/notified in their respective Acts. Many other autonomous bodies have followed suit. Nevertheless, none has so far been afforded the status of "body corporate" in actual. A "corporate body" is essentially a corporation registered under the Companies Act 2017.

A Case Study

An autonomous body has been analyzed to build the case. Performance of the subject autonomous body technically can be looked upon from two perspectives, namely; core performance and administrative efficacy. On the overall, its core performance trajectory has been positive. Analyzing the core performance one can say it is dominantly influenced by its legal mandate/policy. However, a nominal effect of 20% to 25% on the core performance is of employees' performance. Nevertheless, administrative efficacy has also been deteriorating day by day. Major reason underlying the decline in administrative efficacy is seen as selection of the CEOs/Chairmen without complying to job requirements and giving due weightage to the nature of challenges facing the organization. Same is the case with the selection of senior staff. Consequently, it has raised the question of overall competency, which is being reflected as negative performance of the Organization since such inductions.

Like any other autonomous body, it has a "Board" with a delegated authority within the administrative and operational domain. However, the CEOs/Chairmen happen to proclaim much wider authority as they usually usurp the powers of the Board on so many important policy issues thus practically acting as the Government themselves. In doing so, the CEOs/Chairmen constantly make changes in the Act as per their own convenience. In the given scenario questions arise on the rationality, efficacy and sometimes legitimacy of the board's actions. Ironically, much of the powers rest with CEOs/Chairmen which they exercise through his close aides, who are generally non-board members hence leaving the board with a ceremonial function.

The organizational hierarchy does not follow the standard norms, as CEOs/Chairmen directly reports to the Chief Executive/Chief Minister due to non-existence of any departmental link (i.e. administrative secretariat) which is essential under Rules of Business. This provides an opportunity to the CEOs/Chairmen to transmit/submit their reports on many important issues to the CEO/Chief Minister based on their personal caprices with manipulated data/information.

Administrative policies are made on ad-hoc basis with an end in mind while their enforcement is people specific. Inductions are done right and left more to accommodate individuals rather than keeping in mind organizational requirements and legitimacy. Consequently, personified and loyalist culture at the highest among the employees, for job security and financial growth is directly linked with it. Individuals having halo personality effect and strong relationship bonds are given key top positions irrespective of their ability and more importantly orientation to perform diligently on the job.

By analyzing the actions in retrospect one can see that most decisions are motivated by personal security or gratification of an individual or group rather than backed by legal rationality. In short, administrative power is considered as an authority to rule rather than a mandate to manage the entity. In many instances, executive or line authority is exercised by the employees functioning in advisory or ad hoc capacities. The consequence is obvious: Such individuals have little empathy of on-ground realities and sensitivity of the matter.

Paradoxically, the constitution of board is concentrated of like-minded individuals coming from a singular parent entity. Next level to the board is dominantly occupied by the retired officers hired on contract as advisers and specialists. Under the camouflage of motivation and market-based compensation slogan, these individuals maximize their personal gratification and have increased their remuneration to an unprecedented high.

These top individuals obviously lack organizational sensitivity; competence and more importantly right orientation hence feel unsecured. To overcome their insecurity, they attempt to build their network of support at the functional level first by inducting their loyalists in such positions either on deputation from their parent entities or private sector and, also by paying little extra money

to the regular employees, so they may remain their dependent. In short, employees' loyalty and their personal gratification instincts are exploited at the cost of work motivation and conscience for the sake of securing continuity.

In nutshell, the organization is hijacked by the clout consisting of like-minded board members; retired employees on contract; specialists from the private sector and employees on deputation. In order, to perpetuate its occupation, the clout uses multiple channels, namely; blocking the regular employees from moving into decision making positions, practicing discrimination among employees to develop loyalists rather than conscientious employees and last but not the least divide and rule the employees. All is done at the cost of distorting employees' orientation and organizational interests.

The ultimate loser of the ongoing situation is the government and the entity itself: the board endeavors to attain its personal agenda with the help of the clout purposely created, at the cost of entity's sustainability and future of the main stream employees.

Here it is relevant to note that in particular levying "tax" is a core administrative function, governed under the Constitution (see Articles 73 and 115 of the Constitution of Pakistan). Hence it can't churn out profits for the tax collecting entity, whether it is an attached department or autonomous body. Therefore, the law makers must ask themselves following questions: Can a tax collecting entity operate as a "body corporate"? Does the Company Law 2017 extend powers to SECP to regulate a typical government administrative unit, including tax collecting entity? Are levy and profit synonymous to each other, hence tempting such conversions? What is the rationale for converting a tax collecting authority into a "body corporate"? Is there a need to delegate strategic authority in addition to administrative and operation authority to the board of a tax collecting entity having administrative and operational autonomy strictly within the Act?

Way Forward

The saying goes like; if there is a will, there is a way! Turning the trajectory of these entities is not an impossible target. It only takes few concerted initiatives. Let us highlight a few such initiatives that are likely to strengthen the administrative discipline thus synergizing the core performance on objective and sustainable footings.

Government should take necessary measures to ensure its active control and monitoring through quarterly meeting under the Chairmanship of Chief Minister.

1. Put in place a robust administrative and operational policy guidelines and operating standards, with a comprehensive Monitoring and Evaluation mechanism on the lines of SBP policy guidelines for the financial sector. This should essentially aim at curbing freewheeling and unwarranted interferences from non-stage actors from within and outside.
2. Make the board more diverse to have representation from all the critical arms of the government, to instill higher and diverse competence at the board level.
3. Ensure transparency in the performance of the board and entity as a whole.
4. Establish specific performance standards for the Board as well as for the entity as a whole.
5. Put in place policy standards [market mechanics] to govern the criteria and process of inducting the Chairmen/CEOs and Board of Members, whether they are inducted from the Govt. echelons or from outside.

6. Last but not the least, essentially institute Integrity Management System "IMS" to avert (or counter) potential or actual integrity lapses. The IMS should report directly to the Chief Minister and the relevant authority operating under the CM.

References

1. "Management Board" is entrusted with the matters relating to administrative and operational nature. Such boards work under the direct supervision of a Supervisory Board or the federal or provincial government in case of autonomous bodies. Members to the management Board are amongst stakeholders' (government) representatives and employees. Reference: European governance model.
2. "Body Corporate" is a term used to refer to business entities that operate under the Companies Law 2017. It has been practiced for some time that Government Corporations having profit making activities are registered under the Companies Law 2017 for governance on similar footings with private corporate firms.

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